

**FBIS**

# DAILY REPORT

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*China*

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LI PENG ON NORMALIZING RELATIONS WITH USSR

OW170104 Beijing XINHUA in English 0050 GMT 17 Apr 86

[Text] Beijing, April 17 (XINHUA) -- China is willing to realize the normalization of its state relations with the Soviet Union on the basis of removing obstacles, Chinese Vice-Premier Li Peng told a group of visiting U.S. journalists here yesterday. "We hope that both China and the Soviet Union will become good-neighborly countries. But they will not be allied to each other."

Li Peng said this while answering a question about the prospects for Sino-Soviet relations raised by journalists from the Center for Strategic and International Studies of Georgetown University. Led by co-ordinator Sterling Slappey, the group is composed of 13 journalists representing more than 100 U.S. newspapers.

During the meeting Li Peng answered a dozen questions covering a wide range of subjects. Referring to China's economic cooperation with foreign countries, Li said the products made by joint ventures or by foreign enterprises in China should be mainly sold on the international market, not the Chinese market. If China needs these products its market can be opened to these enterprises. But the joint ventures should gain foreign exchange, not spend it, he stressed.

Li Peng said the present oil price drop will probably affect not only offshore oil exploration but also the whole world economy. But up to now no foreign corporation has cancelled its contract with China, he added. He said in the last ten days of March, three more foreign corporations signed new contracts with China. A far-sighted enterprise can not only see its present interest, but also the great potential of a developing country -- China.

On the orientation of China's economic structural reform, Li Peng said last year China made a big step in its economic reform. The general results were quite good. The main task for this year is to consolidate and perfect reform measures in order to advance, he said.

Li said that China's implementation of the policy of opening to the outside world and its stress on learning from foreign advanced technology and management experience will neither change its socialist system nor lead to a capitalist system.

He listed the following reasons:

- China takes public ownership as the mainstay of its economy. The output value of the individual economy occupies only a small proportion of its entire national economy.
- China implements the policy of distribution according to work so as to prevent the occurrence of irrational differences.
- China's commodity economy is planned.
- China pays attention not only to material construction but also to the construction of spiritual civilization.
- Economic criminal offenses are punished by law.

Li said China's crackdown on criminal offenses in the economic field will not affect the reform, but benefit it. He said China takes a serious attitude toward criminal offenses in economic areas, and acts in accordance with the laws.

"At the same time," he said, "We should draw a clear distinction between normal economic activities and unlawful economic activities. We will not use the method of campaigns to solve the problem."

PRC URGES PROMPT MEASURES TO PREVENT NUCLEAR WAR

OW180920 Beijing XINHUA in English 0841 GMT 18 Apr 86

[Text] Geneva, April 17 (XINHUA) -- China today at the Geneva Conference on Disarmament called for taking prompt measures to prevent nuclear war. Qian Jiadong, head of the Chinese delegation to the session of the Committee on Disarmament (CD), said today "it is an important and urgent task for all the peace-loving countries and people of the world to take prompt measures to prevent the outbreak of a nuclear war."

He said, "The arms race between the two superpowers is further intensifying instead of slowing down. The international situation remains volatile. The danger of war still exists. All this cannot but fill us with regret and anxiety."

He said, "Nuclear weapon is the most destructive weapon in human history. Nuclear war, once started, will bring untold catastrophe to mankind. The effective prevention of nuclear war calls for a stable international environment." It is therefore imperative for the international community to oppose policies of aggression and expansion as well as hegemonism and power politics in all forms and renounce the use or threat of force in international relations and settle international disputes by peaceful means, he added.

Qian reported, "The Soviet Union and the United States, already possessing over 95 per cent of the world's nuclear weapons, are still continuously expanding their nuclear arsenals. He said, "In the world today only these two super-powers have the capability to launch a world-wide nuclear war. They bear a special responsibility towards the prevention of nuclear war."

He said the prevention of nuclear war concerns the interests of all countries in the world. Every country, big or small, nuclear or non-nuclear, is entitled to participate on an equal footing in the consideration and resolution of issues relevant to the prevention of nuclear war.

He said, "Under the present circumstances, in order to reduce the danger of a nuclear war and create condition for its complete elimination, all nuclear-weapon states, and the two big nuclear powers, the United States and the Soviet Union in particular, should undertake not to be the first to use nuclear weapons in any circumstances and should unconditionally pledge not to use or threaten to use nuclear weapons against non-nuclear-weapon states or nuclear-weapon-free zones. On this basis, an international convention prohibiting the use of nuclear weapons should be concluded with the participation of all nuclear-weapon states.

He urged the Soviet Union and the United States to conduct serious negotiations and reach agreement as early as possible on halting the test, production and deployment of all types of nuclear weapons, drastically reducing all types of nuclear weapons they have deployed anywhere inside and outside their countries and destroying them on the spot. He also urged the North Atlantic Treaty Organization and the Warsaw Treaty Organization to reach agreement as early as possible on the drastic reduction of their conventional armed forces and armaments.

Forty nations joined the current CD session which began on February 4 and is expected to conclude on April 25.



CHEN XITONG ATTENDS MEETING ON 1990 ASIAN GAMES

OW171935 Beijing XINHUA in English 1437 GMT 17 Apr 86

[Text] Beijing, April 17 (XINHUA) --- The 11th Asian Games will be held in late September and early October, the best part of the autumn season in Beijing, the organizing committee announced after its first meeting here today. "Unity, Friendship and Progress" is the motto for the games, the meeting decided. An estimated 6,000 athletes will come for the 1990 games, it said. The date of the games and the competition program were discussed at today's meeting. Present were Chen Xitong, Beijing mayor and president of the organizing committee; Li Menghua, sports minister and executive president of the organizing committee.

Twenty one of the competition events have been decided, but three more will be submitted to the Olympic Council of Asia for approval. The events already approved are football, basketball, volleyball, table tennis, badminton, tennis, handball, field hockey, baseball, track and field, swimming (diving, water polo, and synchronized swimming), gymnastics (rhythmic gymnastics), weightlifting, shooting, archery, fencing, judo, wrestling, cycling, rowing and yachting (wind surfing).

An official of the organizing committee said that since this is the first multi-event international games China will host, the Chinese leaders have urged the organizing committee to organize the games well. Sixteen new sports facilities will be put up and 11 existing ones will be updated for the games, according to the organizing committee. The 16 new sports facilities include an athletic stadium, a velodrome, a swimming center, a softball diamond, a weightlifting hall and a boxing court. An athlete's village and a press center will be constructed.

Chen Xitong told the meeting that Beijing has received support from the whole country and the municipal government will do all it can to meet the needs of the games. "All sports facilities, new and old, will be up to the standards as required by the OCA," he promised. The emblem and mascot for the games were also discussed. Up till today, the organizing committee has received about 9,000 proposals from both inside and outside China.

LI PENG OPENS INSTRUMENTATION CONFERENCE 16 APR

OW170723 Beijing XINHUA in English 1351 GMT 16 Apr 86

[Text] Beijing, April 16 (XINHUA) -- The second Multi-National Instrumentation Conference and Exhibition opened here today for a week of seminars and scientific exchanges. [This and following addition are reported by Beijing XINHUA Domestic Service in Chinese at 1216 GMT on 16 April in a similar report. Here XINHUA Chinese adds: "Li peng, vice premier of the State Council, attended the opening ceremony and cut the ribbon."]

Over 150 experts and scholars from Asia, North America, and Western Europe will listen to presentations on computer applications, signal processing, energy management, and measurement and analysis techniques. The exhibition is sponsored by the China Instrument Society and the SHK International Services Ltd. of Hong Kong. An official of the China Instrument Society said that the event was aimed at strengthening cooperation among the instrumentation communities all over the world. [XINHUA Chinese adds: "Those who attended the opening ceremony included Zhou Peiyuan, Yan Jici, Wang Dezhaoh, and He Guangyuan."]

The first Multi-National Instrumentation Conference and Exhibition was held in April 1983 in Shanghai.

INTERVIEW WITH FORMER PRC ENVOY TO UN

HK150902 Beijing BAN YUE TAN in Chinese No. 6, 25 Mar 86 pp 28-31

[Report by Fan Lu and Jing Hong "China's Influence as Viewed From the United Nations -- an Interview with Ling Qing, Former PRC Permanent Representative to the United Nations"]

[Text] The UN Headquarters, located on the East River in New York City, is the world's largest diplomatic arena today. All important events taking place in the five continents are discussed here. Representatives of 159 nations come in and out of the UN building every day to participate in debates at conferences, negotiations at smaller sessions, or simply bilateral contacts. The glint and flash of cold steel often become royal battles here. But, of course, heart-to-heart talks are also held, and there is glass-clinking over any event worth celebrating. At this international platform, the changes of the times can be observed and felt, as well as the position and influence of various nations throughout the world.

Ling Qing, PRC permanent representative to the United Nations, left office and returned to China recently. He is now vice president of the Chinese People's Association for Friendship with Foreign Countries. On the eve of the Lantern Festival, we went to the Association's compound to interview this diplomat who spoke out for justice and worked hard for peace on behalf of 1 billion people. We asked him to talk about the PRC's place, role, and influence in the world today.

Comrade Ling Qing is a veteran diplomat with rich experience. He is of medium height and wears a pair of thick near-sighted glasses on a rather thin face. People would not believe that he is in his sixties, due to his agility, suaveness, and expression. In his youth he saw diplomatic service in Yanan, and became an English interpreter to revolutionaries of the older generation, such as Chairman Mao, Commander-in-Chief Zhu De, Liu Shaoqi, and Ye Jianying. Since the founding of the PRC he has been active in the diplomatic field. He has been one of China's diplomatic representatives at the Chinese embassies in Romania and Indonesia, ambassador in Venezuela, director of the International Treaties and Law Department under the Foreign Ministry, and head of the Chinese Delegation to the Third UN Conference on the Law of the Sea. He was appointed PRC permanent representative to the United Nations in 1981. During his stay at the United Nations, he was four times chairman of the Security Council. He is very familiar with international issues.

He spoke with deep feelings about China's place in the world, based on his personal experiences in recent years. China's place in the world is not what it used to be; it has been greatly elevated. Indeed, we can say that the situation today is the most favorable since the founding of the PRC. It is true that "we have friends all over the world." According to Ling Qing, China has taken an active role in UN matters. It now belongs to 383 international organizations with the United Nations being the main body. It has signed 132 world pacts of various descriptions. China's actions and positions at the UN General Assembly and in various committees have won the support and admiration of the overwhelming majority of the member nations.

During his 5 year's in office, Ling Qing witnessed the world's turbulence, and the outburst of war here and there. War took place between the United Kingdom and Argentina on Islas Malvinas; the United States sent its troops to Grenada; Israel invaded Lebanon; the Soviet Union and Vietnam beefed up their forces in Afghanistan and fought in Kampuchea; the war between Iran and Iraq expanded; there was foreign intervention in Chad's civil war; a South Korean air liner was hit by a Soviet missile; the European arms reduction talks broke down; Poland weathered a crisis; there was a grave African drought.

International incidents emerged one after another and were put before the UN and the Security Council. The representative of each nation had to show where he stood. According to Ling Qing, China's position in international affairs has all along been to safeguard peace, oppose hegemonism, uphold justice, and condemn aggression. China has resolutely stood on the side of the majority of the world's people. We have not only opposed the United States for its peremptory stand in Grenada, Lebanon, and Central America, but also Soviet hegemonist activities in Afghanistan and Kampuchea. As for internal disputes between Third World nations, we have strongly advocated solutions through talks, rejecting foreign intervention. Representatives of Third World nations have praised China for treating them on an equal footing, daring to oppose the hegemonism of the superpowers and saying what they have in their minds but dare not say. The representative of a Latin American nation said his delegation studied the votes for the permanent big five of the Security Council after each UN Assembly session each year. His conclusion was that China's position was closest to that of his country.

To demonstrate how China has safeguarded the interests of the Third World at the UN, Ling Qing recalled a past event. Former UN Secretary-General Dr. Kurt Waldheim was to conclude his tenure of office in 1981 and a new secretary-general was to be elected. This is an important post in the eyes of all nations, and most wanted to win it. The Third World strongly wanted to have one of their representatives elected, and Tanzania's Salim was nominated. According to Ling Qing, we cast 16 consecutive votes supporting Salim; however, another member of the permanent big five of the Security Council vetoed it 16 times. The struggle was tense, and the election became bogged down in a stalemate. So another candidate -- Javier Perez de Cuellar of Peru -- was nominated, and he finally won. Thus, a representative of Latin America was elected for the first time in the 40-year history of the UN. The Third World nations were very happy. Ling Qing said: "Many black people working in the UN building put their thumbs up when they saw me or shook my hand enthusiastically, expressing their thanks." In most complicated world affairs, China has always adhered to the principle of independence and keeping initiatives in its own hands, determining its own position on the basis of an issue itself, on the rights and wrongs of the case, and refraining from drifting along with the tide. Ling Qing briefed us on the South Korean airline case. The shooting down of a Korean Airline jumbo jet en route from the United States by a Soviet fighter aircraft over Sakhalin Island shocked the world. This incident added fuel to an already tense U.S.-Soviet relationship. The incident essentially reflected the tension between the two superpowers. There were many unanswered questions about the incident. We expressed our shock and regret over the incident, which caused the loss of 269 lives. But we opposed the adoption of a decision condemning the action too quickly, and before things were entirely clarified. We abstained from voting on the relevant issue and expressed a clear-cut stand of independence, keeping the initiative in our own hands. This was spectacular.

Why has China won more and more friends and given a greater and greater role in the UN, this world arena? Ling Qing cited three reasons: First, China belongs to the Third World. It stands resolutely on the side of more than 100 nations. China identifies with them on such major issues as safeguarding world peace, opposing aggression, and promoting development. China is a unique nation in the Third World. It has a veto right in the Security Council. This ultimately belongs to the Third World. This gives China special influences in the Third World. Second, China has a very important and strategic position in the world. It follows an independent foreign policy and takes initiatives into its own hands. China's actions draw the attention of all nations. Third, China's economic reform has been successful, drawing attention from all nations.



We were excited and proud listening to Comrade Ling Qing's talk. In the world today, the forces of war and peace contend fiercely. The voice against war is getting stronger and stronger, and the forces striving for peace are becoming mightier and mightier. China pursues a principle of peace and friendship. It pursues the four modernizations in conformity with the interests of the Chinese as well as the world people, and the tides of the times. China will certainly win more and more friends and achieve still greater successes.

UN SPEAKERS 'REJECT' U.S. SELF-DEFENSE 'PRETEXT'

OW172031 Beijing XINHUA in English 1541 GMT 17 Apr 86

["Speakers Reject U.S. "Pretext" of Self-Defense at Security Council Debate" -- XINHUA headline]

[Text] United Nations, April 16 (XINHUA) -- Speakers at the U.N. Security Council refuted the U.S. claim that it was acting in "self-defense" by attacking Libya.

During the second day of debate on the U.S. action, Hocine Djoudi, permanent representative of Algeria, said the U.S. armed intervention in Libya could not be justified by invocation of the U.N. Charter regarding the right of self-defense, because the self-defense "cannot be invoked in the absence of an act of aggression."

Noel Rakotondramboa, representative of Madagascar, said that the United States had invoked article 51 of the U.N. Charter to justify its attacks on Libyan territory. However, the right of legitimate defense requires the fulfillment of three conditions: There has to have been an attack by the adversary; the attack must have been unjust; and the response must be proportional to the attack. "In the present case, the last two conditions have not been met," he said.

Samir al-Shihabi, permanent representative of Saudi Arabia, also rejected the U.S. claim of self-defense. He said that if this claim is accepted, it would be a licence for Israel "to attack wherever, whenever and however it wanted under the pretext of self-defense."

Hamad al-Kuwari, permanent representative of Qatar, said that Washington had said its military action against Libya was pre-emptive, but "there is no provision in international law for pre-emptive self-defense. The United States action is an aggression," he added.

Ljubomir Sekulic, representative of Yugoslavia, condemned the aggressive military operation against Libya perpetrated by the United States in violation of the principles and purposes of the U.N. Charter, and demanded that the Security Council take action to prevent independent nations from being threatened by force and modern weaponry. Otherwise, he warned, it will lead "to a situation in which arms will replace reason, ultimately, to a very realistic danger of wider conflagration."

Richard Woolcott, permanent representative of Australia, urged the United States and Libya "to engage in genuine efforts to bring about the peaceful resolution of their differences," and asked the Security Council to accept its responsibility "to promote a peaceful settlement" of the U.S.-Libyan dispute. "If we do not make a stand in favor of such peaceful means, we will be surrendering to an intensifying cycle of violence," he added.

Representatives of Democratic Germany, Poland, Hungary, Vietnam, and Mongolia also spoke at today's meeting.



In the afternoon, the council's meeting was interrupted for 20 minutes by an anonymous telephone caller who claimed there was a bomb in a briefcase in the council chamber. U.N. security men checked the chamber with a bomb detector, but no bomb was found. The Security Council will continue its debate on the subject tomorrow.

#### NONALIGNED COORDINATING BUREAU MEETING OPENS

OW161435 Beijing XINHUA in English 1300 GMT 16 Apr 86

[Text] New Delhi, April 16 (XINHUA) -- A four-day ministerial conference of the Coordinating Bureau of the Nonaligned Countries opened here today with disarmament, survival and peaceful coexistence as its theme. Inaugurating the last major conference hosted by India as chairman of the 101-member Nonaligned Movement (NAM), Indian Prime Minister Rajiv Gandhi cautioned the world against the threat of nuclear war. "Our survival is at stake," he stressed.

He reiterated the demand for a moratorium on nuclear testing, saying the technical problem of the verification of such a moratorium was surmountable "provided there is the requisite political will on the part of the nuclear weapon states."

Referring to the U.S. bombing of Libya, he said, "We cannot but condemn this act" which was "in violation of international law."

Describing the international economic situation as "disquieting," the prime minister expressed himself against "piecemeal solutions" to development crisis faced by several developing countries or the problem of recovery in industrial economies.

In the face of what he called "crisis" in the world economy, the prime minister said the developing countries must "strengthen our solidarity, understanding our particular problems and unitedly facing issues that affect us all." Voicing serious concern of the Non-Aligned Movement over the growing menace of all types of terrorism, Gandhi accused some nations of encouraging and instigating this dangerous phenomenon.

After the inaugural address, delegates from Senegal, Democratic Yemen, Cyprus, Guyana and Palestine Liberation Organization (PLO) made statements respectively on behalf of NAM members of Africa, Asia, Europe, Latin America and Liberation Movements.

They paid tribute to India's role in the NAM and stressed the need for the present conference to formulate a common strategy in dealing with the issues NAM is facing.

#### Mideast Issues Discussed

OW172319 Beijing XINHUA in English 2113 GMT 17 Apr 86

[Text] New Delhi, April 17 (XINHUA) -- The Palestine issue, the Iran-Iraq war and the deteriorating economic and political situation in Africa figures in the plenary session of the ministerial conference of the Coordinating Bureau of Non-Aligned Countries, which continued into the second day today. The participants of the conference maintained that peace in the Middle East still depends on a peaceful, comprehensive and just solution to the Palestine issue.

Outlining Egypt's stand, Egyptian Foreign Minister Esman Meguid said the Palestine issue must be settled in the exercise by the Palestinian people of all their national rights under the leadership of the Palestine Liberation Organization, in Israel's full evacuation of its occupied Arab land and in safeguarding the security, unity and independence of Lebanon.

Echoing the Egyptian foreign minister, Kuwaiti envoy to the United Nations Muhammad A. Abu al-Hasan strongly condemned Israel's continuing occupation of Arab territories, its unceasing denial of the Palestinian people's legitimate rights and its unabated violation of the sovereignty, security and independence of Lebanon. However, he also expressed concern over the fact that "some member states in our movement" restored or were considering reestablishment of ties with Israel.

Pakistani Foreign Minister Yaqub Ali Khan pointed out that the situation in the Middle East continued to "remain explosive." He urged countries of the Non-Aligned Movement (NAM) to "maintain its wholehearted solidarity" with the Palestinian people and ensure that the Israeli aggression was not rewarded.

Secretary General of the Organization of Islamic Conference S.S. Pirzada pointed out that the continuing hostility between Iran and Iraq which has lasted more than five years, is a source of "deep anguish and concern" for the NAM. He stressed that "determined efforts" should be made "to find an honorable, principled and peaceful solution" to this conflict.

The Egyptian foreign minister warned that "the danger of external interference is all the more increasing." He called upon Iran to agree "without any further delay" to the peace initiatives which Iraq had put forward. Terming the Iran-Iraq conflict as "sad and tragic and totally unnecessary," W.M. Mangwende, foreign minister of Zimbabwe, NAM's next chairman, appealed to both sides "to bury the hatchet" and save the people of the two countries from further suffering.

Turning to the serious problems that confronted the African Continent, Mangwende reminded the world that the economic situation was "particularly critical." Natural disasters, man-made errors and a hostile international economic environment "threaten to wreck havoc" on African economies, he said. He appealed to the world to formulate "concrete short-term, medium-term and long-term measures" aimed at resolving the economic crisis in Africa. However, he said, the origin of this crisis was "not economic but political," which "has been deliberately created."

Referring to the situation in Southern Africa, he said there was now less hope for optimism than it had been a few years ago as the racist regime in Pretoria had escalated its "daily slaughter" of unarmed black people. "Apartheid is a crime against humanity," he stated, urging the civilized world "to concert in common purpose to put an end to these crimes."

He also urged the United States to give up its efforts to block the independence of Namibia by renouncing its "linkage policy" which tied the independence of Namibia to the withdrawal of Cuban personnel from Angola. Expressing support for the Namibian people under the leadership of the South-West African People's Organization, Pakistan's foreign minister said there should be no compromise on the plan of Namibia's independence approved under U.N. Security Council Resolution 435.

Egyptian Foreign Minister 'Abd al-Majid deplored the Pretoria regime's persistent occupation of Namibia as "a challenge to the will of all peace-loving people." He promised more support and assistance for the front-line states "in reinforcing their capabilities to resist aggression."

USSR-JAPAN ECONOMIC TALKS BEGIN IN MOSCOW

OW160843 Peijing XINHUA in English 0803 GMT 16 Apr 86

[Text] Moscow, April 15 (XINHUA) -- Soviet and Japanese Committees for Economic Cooperation began talks here today over "a wide range of issues of developing trade and economic relations between the two countries," TASS reported. A 240-member Japanese delegation, which arrived here last Sunday, attended the three-day meeting.

Soviet Premier Nikolay Ryzhkov and Japanese Prime Minister Yasuhiro Nakasone sent messages of greetings to the meeting, which were read out to its participants.

Ryzhkov said in his message that the Soviet Union "has attached great importance to strengthening its genuine friendly and good-neighborly relations and mutual trust with Japan." He noted that the potential for expanding Soviet-Japanese economic cooperation is far from being fully tapped and the task facing the two countries is to make best use of the potential.

The Soviet premier hoped that the meeting would help develop the two countries' business ties and new forms of economic cooperation.

Soviet-Japanese trade dropped to 2.6 billion U.S. dollars in 1984 from 5.6 billion dollars in 1982, but increased slightly last year. Last January when Soviet Foreign Minister Eduard Shevardnadze visited Tokyo, the two sides agreed to expand trade and enhance economic cooperation.

NODONG SINMUN URGES KOREA-U.S. PEACE TREATY

OW161133 Beijing XINHUA in English 1038 GMT 16 Apr 86

[Text] Pyongyang, April 16 (XINHUA) -- Korean newspaper NODONG SINMUN said in an editorial today that the conclusion of a peace agreement between Korea and the United States and the adoption of a non-aggression declaration between the North and South of Korea are "the key" to easing tension on the Korean peninsula.

The editorial stressed that an early end to foreign intervention in Korean affairs is the first prerequisite condition under which the Korean people can decide by themselves the future of the Korean peninsula.

It criticized the United States for saying one thing but actually doing otherwise. It noted that U.S. President Ronald Reagan recently told the Japanese newspaper YOMIURI SHIMBUN that North-South dialogue is "the key" to relaxing tension on the peninsula and that the United States supports the reopening of the dialogue. Reagan was also quoted as having said that the future of the Korean peninsula should be decided by the Korean people themselves.

However, the editorial pointed to the fact that the United States held large-scale military exercises together with South Korea in disregard of the North side's sincerity about detente, saying the war games have worsened the tension on the peninsula and poisoned the atmosphere of dialogue.

Therefore, it said, President Reagan's promise to support the reopening of the North-South dialogue was merely a posture assumed to mislead public opinion of the world and dodge the blame for helping make the North-South dialogue to a halt. [sentence as received]

The editorial pointed out that the United States, which was a party to the Korea War and still has its troops in South Korea, bears unshirkable responsibility for keeping peace on the peninsula and for removing obstacles on the road to the national reunification of Korea.



LIAOWANG ON U.S. SPACE PROGRAM AFTER 'CHALLENGER'

HK170115 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 14, 7 Apr 86 p 28-30

[Article by Yu Shijia: "The U.S. Space Program as Seen From the Explosion of the 'Challenger'" -- capitalized passages published in boldface]

[Excerpts] At the minimum, the serious consequences of the explosion of the Challenger on the U.S. space program have manifested themselves in the commercial, industrial, scientific, military and other fields.

THE U.S. MILITARY PLAN HAS BEEN SERIOUSLY AFFECTED. A report said that on its 24 prior space flights, the shuttle had executed only 2 top secret military missions. But the U.S. military has placed increasing reliance on the shuttles. An original plan called for as many as four launches for military purposes this year. From now until 1995, one-third of the shuttle missions are of a military nature, many of them connected with President Reagan's "star wars." It has been revealed that shuttle launches devoted to "star wars" will ultimately reach as many as 10 to 12 a year. Of the current top secret U.S. military messages, 60 percent pass through satellites. It is said that the percentage will increase to 90 percent before long. The upgrading of military satellites is a matter of great urgency. It is revealed that there is now only one U.S. Air Force spy satellite, a KH-11, in operation. If it were to fail with no replacement by a new satellite launched by a shuttle, the United States would be 'blinded' strategically with no backup satellite. Conventional carrier rockets like the Hercules, Atlas and so forth that the Air Force has in reserve are limited in number. Though orders have been placed for 10 carrier rockets capable of launching military reconnaissance and communications satellites, they can be delivered only by 1988. In addition, quite a large number of military satellites are designed according to shuttle cargo bay conditions and cannot be launched by carrier rockets. A responsible person of the U.S. Air Force even said: the period before the shuttle blasts off again will mean that the United States is "in a state of emergency."

#### Heated Debate

The Challenger calamity touched off a lasting heated debate in the United States. For 1 month or so, newspapers and magazines, and radio and television stations had reports almost everyday about the Challenger. Apart from dealing with status of the salvaging of the wreckage of the Challenger and the bodies of astronauts and the presidential Commission's hearings and investigations, most were in the form of discussions and comments on the future of the U.S. space program. It was quite a bustling scene with all kinds of views put forth.

The study of the future direction of the U.S. space shuttle program can be generally divided into two major schools. One involves the discussion of the past and future development of the U.S. space program. Another involves the study of whether priority should be given to the development of manned or unmanned space flight.

In reviewing the development of the U.S. space effort, quite a large number of people hold that NASA, responsible for the overall U.S. space program has in the past few years laid one-sided emphasis on the development of the space shuttle, to the neglect of other sectors, "putting all their eggs in one basket." Given a hole in the basket now, the problem has become serious. The outlay for the development of the shuttle has represented most of the appropriations and investment. Other sectors are thus pinched for money.



For example, the lack of funds has accounted for the NASA's failure to launch a space probe to Halley's Comet, seen every 76 years, with being outshone by its Soviet, Japanese, and European counterparts, the loss of the U.S. power to dictate things in this important international scientific event, and so forth. In peering into the future of the development of the U.S. space effort, many people suggest that NASA seek a many-sided development, take things into overall consideration, and pay particular attention to the development of more carrier rockets for launching satellites, instead of making the shuttle "a lone star performer."

"Sacrifice Is the Price for Discovery"

The Challenger explosion incident has confronted the U.S. space program and relevant fields with a serious situation. But experts think that the future of the U.S. space effort is still optimistic.

A few hours after the incident, President Reagan said reassuringly in a speech: "We will continue our efforts to conquer space. There will be more shuttle flyers, more shuttle flight crewmen, more volunteers, more citizens, and more teachers going into space." Then Acting NASA Director Graham also said the following day: "The shuttle is our main space transportation system. In the foreseeable future, it will still be our main space transportation system." An astronaut said: "Technological progress is often a matter of taking three steps forward and one step backward. The present Challenger incident represents a very big step backward, BUT THIS DOES NOT MEAN THE END." "PROGRESS IS MARKED BY LOSSES. THIS INCIDENT CAUSES GREAT PAIN, but the truth is: Sacrifice is the price for discovery."

Recently, Americans have often liked to quote the story about the early serious losses of astronauts in the development of the U.S. and Soviet manned space efforts being followed by subsequently greater progress in the field after reorganization and improvement. They want thus to hint that, despite the serious consequences of the Challenger incident, given discussion and study and due reorganization and improvement, fine results can similarly be achieved.

U.S. AEROSPACE EXHIBIT IN BEIJING 15-21 MAY

OW161137 Beijing XINHUA in English 1034 GMT 16 Apr 86

[Text] Washington, April 15 (XINHUA) -- The United States is to hold its first National Aerospace Exhibition in Beijing to demonstrate its technology and equipment in the aerospace industry. The exhibition from May 15 to 21 is organized under the Sino-U.S. work program signed in July 1984 for industrial and technological cooperation in the aerospace industry. It is co-sponsored by the U.S. Department of Commerce and the Chinese Ministry of Aviation Industry. More than 70 leading U.S. aircraft manufacturing and related companies, including the Boeing Company and the McDonnell Douglas Corporation, will take part in the exhibition. As part of the exhibition, 25 technical papers will be presented by these companies.

Crawford F. Brubaker, U.S. deputy assistant secretary of commerce in charge of aerospace, said at a press briefing today that the exhibition provides a chance for exchanging technological information and developing goodwill and understanding between U.S. companies and their Chinese customers, he added. Brubaker expressed optimism over the prospect of U.S.-China trade, particularly for U.S. machinery and transport equipment exports to China. He said U.S. exports of commercial aircrafts and aircraft parts to China rose to 668 million U.S. dollars last year, up from 128 million dollars in 1984.

U.S. TO CONSULT ASIA, EUROPE ON ARMS CONTROL

OW171214 Beijing XINHUA in English 1156 GMT 17 Apr 86

[Text] Washington, April 16 (XINHUA) -- President Ronald Reagan will send two U.S. officials to consult with leaders in Asia and Europe on arms control issues, according to the Associated Press, which quoted anonymous U.S. officials. The decision was made after Reagan met today with his senior advisers to discuss whether to keep U.S. nuclear missiles within the Salt 2 Treaty limits, an official revealed.

Secretary of State George Shultz, Defense Secretary Caspar Weinberger, Central Intelligence Agency Director William Casey, Arms Control Director Kenneth Adelman, and Special Nuclear Arms Consultants Edward Rowny and Paul Nitze attended the hour-long meeting, an official said.

During the meeting, Shultz and Nitze urged President Reagan not to exceed the 1979 unratified treaty's ceiling on missiles when a new American Trident submarine begins sea trials next month, the official disclosed.

The official said Rowny will leave Sunday for China, South Korea and Japan, and Nitze will go to West Europe to meet leaders there. Another U.S. official told reporters that Reagan "may have made up his own mind already," but we still want to talk with the other countries.

Reagan is expected to make a decision on the treaty issue by the weekend after he consults with National Security Adviser John Poindexter and White House Chief of Staff Donald Regan, the official said.

U.S. TO EXPLAIN LIBYAN RAID TO NATO MEMBERS

OW170908 Beijing XINHUA in English 0849 GMT 17 Apr 86

[Text] Washington, April 16 (XINHUA) -- The United States will send Deputy Secretary of State John Whitehead to Brussels later this week in an apparent attempt to explain to its European allies the U.S. raids on Libya. State Department spokesman Bernard Kalb said Whitehead will meet with North Atlantic Treaty Organization foreign ministers in Brussels "as part of our efforts to keep our allies fully informed of the terrorist threat and U.S. responses." Most of the U.S. NATO allies have criticized the recent U.S. bombing raids on Libya. But Britain voiced its firm support for the U.S. action.

USSR URGES UN MEASURES TO STOP U.S. AGGRESSION

OW180250 Beijing XINHUA in English 0226 GMT 18 Apr 86

[Text] Moscow, April 17 (XINHUA) -- Soviet Foreign Minister Eduard Shevardnadze has asked the United Nations to take "urgent measures" to stop U.S. aggression against Libya. The official Soviet news agency TASS said the foreign minister, in a letter delivered on Thursday, appealed to U.N. Secretary-General Javier Perez de Cuellar to use "all means" at his disposal, including his "authority and personal influence" to prevent the deterioration of the situation. "If urgent measures are not taken today," TASS quoted the letter as saying, "tomorrow any sovereign country can become the target of armed violence with all the consequences involved for world peace and security."

The Soviet foreign minister also called for U.N. efforts to bring back to normal the situation in the southern Mediterranean and stop the use of armed force by the United States against Libya. The minister's appeal for U.N. action is Moscow's strongest reaction yet to the U.S. air strikes against Libya which took place early Tuesday morning.

Meanwhile, Soviet leader Mikhail Gorbachev wrote to Libyan leader Mu'ammarr al-Qadhafi on Wednesday, assuring him of Moscow's "effective solidarity" and its commitment to strengthen Libya's defense capability.

Moscow has also canceled a meeting between the Soviet foreign minister and the U.S. secretary of state scheduled for next week. This was followed by a statement issued by the Warsaw Pact promising the organization's collective support to Libya in its fight against U.S. aggression.

In another development, the Soviet Foreign Ministry has summoned all heads of the diplomatic missions accredited here, reportedly to inform them of the steps being taken by the Soviet Government in connection with the U.S.-Libyan conflicts.

GORBACHEV LEAVES TO ATTEND SED CONGRESS

OW162007 Beijing XINHUA in English 1833 GMT 16 Apr 86

[Text] Moscow, April 16 (XINHUA) -- A Soviet Communist Party delegation led by General-Secretary Mikhail Gorbachev travelled to Berlin today for the 11th Congress of the German Socialist Unity Party. This will be the first time since 1971 that a Soviet Communist Party General-Secretary has attended such a congress and is also Gorbachev's first foreign trip since the Geneva Summit meeting with U.S. President Ronald Reagan last November. Gorbachev is reportedly to speak on the second day of the four-day congress, which opens tomorrow.

Since becoming general secretary of the Soviet Communist Party in March 1985, Gorbachev has visited Poland, Bulgaria, Czechoslovakia and attended the summit conference of the Warsaw Treaty Organization and the Council of Mutual Economic Assistance.

Several East European countries have held their party congresses in the wake of the 27th Soviet Party Congress, which ended early in March. Soviet Prime Minister Nikolay Ryzhkov attended the Bulgarian Party Congress in Sofia and Mikhail Solomentsev, a member of the Politburo, represented the Soviet Communists at the Czechoslovak Party Congress in Prague.



FURTHER ON VISIT BY NON-GOVERNMENTAL DELEGATION TO JAPAN

## Wang Zhen Views Relations

OW152045 Beijing XINHUA in English 1517 GMT 15 Apr 86

[Text] Tokyo, April 15 (XINHUA) -- Japanese and Chinese non-governmental personages began their third meeting here today with a call for joint efforts to resolve existing problems in developing relations between the two countries.

During the four-day meeting, representatives from both countries will discuss bilateral relations and international issues of common concern.

On behalf of the Japanese committee on the Council of Japanese-Chinese Non-governmental Personages, Okada Haruo, former speaker of the House of Representatives, delivered an opening address at the meeting.

He reaffirmed the Japanese position to abide by the Sino-Japanese joint communique and other documents governing the relations between the two countries.

"Japan's economic cooperation with China has reached a stage calling for more active efforts to enhance the cooperation," he said, adding that striving for a more balanced trade is of utmost importance from a long-term point of view. Okada disclosed that the current meeting will, for the first time, place on its agenda questions concerning economic cooperation between small and medium-sized enterprises of the two countries.

Turning to international issues, Okada said the superpowers have the responsibility to work towards the reduction and abolition of nuclear arms.

Wang Zhen, chairman of the Sino-Japanese friendship association who heads the Chinese delegation to the meeting, also spoke at the opening ceremony. He noted with satisfaction the development of bilateral relations in recent years, though "some negative elements remain." He hoped that Japan and China will solve existing problems in a spirit of sincerity and mutual respect.

Speaking of the current international situation, Wang said the rivalry and arms race between the superpowers are a grave threat to world peace. "It is the primary common task of the world people to oppose war and safeguard international peace and security," he said.

Both Japan and China should make a greater contribution to safeguarding peace and security in the world, he added.

The first meeting of Sino-Japanese non-governmental personages took place in Tokyo in 1982 and the second in Beijing in 1984.

## Delegation Hosted at Reception

OW162045 Beijing XINHUA in English 1947 GMT 16 Apr 86

[Text] Tokyo, April 16 (XINHUA) -- Appeals for concerted efforts to promote Sino-Japanese friendship were made at a reception given here today in honor of the Chinese delegation to the third meeting of non-governmental personages between the two nations. The Japanese committee on the Council of Japanese-Chinese Non-governmental Personages hosted the reception, which was attended by over 200 people.



In his toast, Masayoshi Ito, president of the Japanese Dietmen's League for Japan-China Friendship, called for hard work by the two peoples to promote their friendly relations, which are important to peace in Asia and the whole world.

Wang Zheng, chairman of the Sino-Japanese Friendship Association and head of the Chinese delegation, predicted that the meeting will contribute to friendly exchanges and cooperation between the two nations in various fields.

Japanese Chief Cabinet Secretary Masaharu Gotoda, who was also invited to the reception, said that a free and frank discussion between personages of economic circles and scholars from the two nations will benefit the development of Sino-Japanese relations. The four-day meeting was opened here yesterday.

#### Nakasone Stresses Friendship Ties

OW171212 Beijing XINHUA in English 1151 GMT 17 Apr 86

[Text] Tokyo, April 17 (XINHUA)--Friendly and cooperative relations between Japan and China can prevent superpowers from starting a new world war and ensure peace in Asia and the whole world, Japanese Prime Minister Yasuhiro Nakasone said today.

During a meeting with members of the Chinese delegation to the third meeting of the Sino-Japanese nongovernmental personages, Nakasone called for strengthening links in politics, economy, science and technology, culture and other fields.

Wang Zhen, honorary chairman of the Chinese-Japanese friendship association who heads the delegation of the current meeting, expressed admiration for Nakasone's speech and said that the two countries should make greater efforts to resolve the existing problems so as to strengthen relations between the two countries. Chinese ambassador to Japan Zhang Shu attended today's meeting.

The Chinese delegation also paid a courtesy call today on Michita Sakata, speaker of the House of Representatives of Japan.

#### RENMIN RIBAO ON CLOSING OF DPRK ASSEMBLY SESSION

HK160313 Beijing RENMIN RIBAO in Chinese 10 Apr 86 p 6

[Special dispatch from Pyongyang by reporters Liu Zhengxue and Feng Zhiyuan: "The Fifth Session of the Seventh DPRK Supreme People's Assembly Closes"]

[Text] Pyongyang, 9 Apr -- The fifth session of the Seventh DPRK Supreme People's Assembly closed at the Wanshoutai [8001 1108 0669] Business Discussion [Yishi 6231 0057] Hall of Pyongyang this morning. Korean party and state leaders Kim Il-Sung, Kim Chong-Il, O Chin-U, Kang Song-San, Pak Song-Chol, Yim Chun-Chu, Yi Chong-Ok and so on attended the closing ceremony of the meeting. The meeting unanimously approved the "Law on Environmental Protection of the DPRK," the final state accounts for 1985, and the 1986 state budget.

In a speech at the closing ceremony of the meeting, Yang Hyong-Sop, chairman of the Standing Committee of the Supreme People's Council, said that the achievements scored at this meeting once again pointed to the great superiority of the state system of Korea holding out the prospect for a new victory in the struggle to build socialism.

It was reported that in 1986 Korea will continue vigorously developing mining, electricity, communications, transportation, and other capital industries, actively carrying out technological transformation and striving to raise the people's living standard.

SOUTH KOREAN DEMOCRATIC MOVEMENT 'FORGES' ON

OW142246 Beijing XINHUA in English 1515 GMT 14 Apr 86

["Democratic Movement in South Korea Forges Ahead by Gao Haorong" -- XINHUA headline]

[Text] Pyongyang, April 14 (XINHUA) -- The Democratic Movement in South Korea has continued to forge ahead amid growing antagonisms between the ruling and the opposition parties.

Countering the ruling Democratic Justice Party's proposal for not introducing constitutional revisions until 1989, the New Korean Democratic Party, the main opposition party, issued in early March a call for revising the constitution in the coming autumn and holding presidential elections in the autumn of 1987.

At the recent 129th parliamentary session, the New Korean Democratic Party reiterated its call for revising the constitution this year; otherwise it would boycott the next presidential elections.

The parliament dominated by the ruling Democratic Justice Party, however, turned down an opposition motion calling for the dismissal of the ministers of the interior, justice, culture and education for clamping down on a campaign for electoral reform.

Meanwhile, Catholic and Christian organizations in South Korea have joined the campaign for a constitutional reform that would allow a direct election of the presidency instead of the current college-electoral system favorable to the present "government."

These religious organizations also accused the "state-owned" radio and television network of spreading distorted propaganda. They launched a drive in mid-March calling on all Catholics and Christians to stop paying television receiving set fees. Professors at several universities have also joined the opposition campaign for constitutional reform. They issued a joint statement on April 10 demanding democratization, freedom of expression and school autonomy without political oppression.

The South Korean Bar Association issued a statement to the effect that they have identical views with the opposition on constitutional reform. It is believed that the opposition parties backed by students and people of other circles will work for a new surge of the democratic movement to mark the forthcoming sixth anniversary of the Kwangju Popular Uprising in May 17, 1980 and the 26th anniversary of the popular uprising in April, 1960 which toppled the then South Korean "president" Syngman Rhee and ended his 12-year-old dictatorship.

KING OF BHUTAN RECEIVES PRC ENVOY TO INDIA

OW151148 Beijing XINHUA in English 1036 GMT 15 Apr 86

[Text] New Delhi, April 15 (XINHUA) -- King Jigme Singye Wangchuk of Bhutan has said that the boundary between Bhutan and China can be demarcated to the interests of both peoples, Chinese Embassy sources said here today. While receiving Chinese Ambassador to India Li Lianqing in the Bhutanese capital of Thimphu on April 10, the king said relations between Bhutan and China are excellent.

A Bhutanese delegation for official talks on the boundary issue went to China in 1984 and a Chinese delegation visited Thimphu last year. "The two rounds of talks proceeded smoothly and complete trust has been established between us," the king said. He announced that Bhutan is ready to send a delegation to China in early June to continue the border talks.

Referring to Bhutan's policy of good neighborly relations, he said, "We have no dispute with China. We have no serious problems with South Asian countries. Therefore we can fully establish genuine but not diplomatic good neighborly relations."

"We want to develop our economy systematically. We must be self-reliant and stand on our own feet. On the other hand, we must genuinely develop relations with our neighbors. It's very important to Bhutan, because we need good neighborly relations for our economic growth," the king said.

Li Lianqing said that China highly appreciates Bhutan's policy and its achievements in various fields and the Chinese Government wishes to promote good neighborly relations with Bhutan. Li Lianqing and his wife visited Bhutan from April 9 to 14 on the invitation of the Bhutanese Government. Bhutanese Foreign Minister Dawa Tsering met and had friendly talks with the Chinese ambassador.

INDIA SELF-RELIANT IN NUCLEAR TECHNOLOGY

OW162125 Beijing XINHUA in English 1927 GMT 16 Apr 86

[Text] New Delhi, April 16 (XINHUA) -- India has become self-reliant in nuclear technology, Minister of State for Science and Technology Shivraj V. Patil said in Parliament today. He said the country had technology for the establishment of reactors and production of heavy water. It had also developed technology for the disposal of radioactive wastes.

India now has ~~three~~ nuclear power plants located in the states of Rajasthan, Maharashtra and Tamilnadu with a total power generation capacity of 1,273 megawatts. New nuclear power stations are under construction in various parts of the country. India plans to achieve a target of nuclear power generation capacity of 10,000 mws by the year 2000. Patil said India needed more energy and the nuclear power would have to meet 21 percent of the requirement.

Reassuring Parliament that nuclear power plants and reactors were not hazardous to the public, Patil said the Indian Government had taken steps to see that the international limit on the emulsion of radiation from nuclear plants and reactors was not crossed.

There are presently 4,000 nuclear power plants in the world but "not a single person died because of radiation from those plants," as safety measures adopted in the establishment of such plants were very stringent, he said.



HU YAOBANG MEETS BELGIAN SOCIALIST DELEGATION

OW160510 Beijing XINHUA Domestic Service in Chinese 0837 GMT 15 Apr 86

[By reporter Zhang Rongdian]

[Text] Beijing, 15 Apr (XINHUA) -- Hu Yaobang, general secretary of the CPC Central Committee, reiterated here today that China is willing to have long-term relations of friendship and cooperation with developed countries. He made this remark when he met with the Belgian Flamand Socialist Party Delegation, led by Chairman Karel van Miert, at the Zhongnanhai this morning.

Hu Yaobang exchanged views with Van Miert on peace and development in the world. Hu Yaobang said: Currently, most areas of the world are faced with economic recession. One of the important ways to help solve this problem is, instead of a short-sighted policy, developed countries should adopt an enlightened and far-sighted one to help developing countries. He said, though helping developing countries does not appear to bring short-term benefits, it will eventually benefit developing countries, once the former become developed.

Speaking on the peace issue, Hu Yaobang said: The danger of war still exists. However, the changes of preventing and stopping war are increasing year by year. World people are against war. He said: A united Europe adopting an independent policy is an important factor in stopping war. China follows an independent and peaceful foreign policy. Along with China, other Third World countries are important forces in maintaining world peace.

Van Miert expressed agreement with Hu Yaobang's views. He said: The Flamand Socialist Party holds similar views on the issues of peace and development with the Chinese Communist Party. The Flamand Socialist party stands for a united Europe. A united Europe can help the Third World and is good for the security of Europe as well.

During the friendly talks, Hu Yaobang expressed satisfaction over the fruitful economic cooperation between China and Belgium, and hoped that the scale of cooperation would further expand.

Van Miert said his party will do its utmost to develop Belgian-Chinese economic cooperation and friendly relations between the two countries and the two parties.

Zhu Liang, head of the International Liaison Department, was also present at the meeting. After the meeting, Hu Yaobang gave a luncheon to the Belgian guests.

QIAO SHI, ICP'S NATTA ON U.S.-LIBYA CONFLICT

OW162208 Beijing XINHUA in English 2154 GMT 16 Apr 86

[Text] Rome, April 16 (XINHUA) -- Italian Communist leader Alessandro Natta today stressed the joint efforts by Europe, China and non-aligned states to check the U.S. military action in the Mediterranean in order to solve the U.S.-Libya conflicts properly.

Natta, general secretary of the Italian Communist Party, made the remarks at the party's headquarters, where he was talking with Qiao Shi, Politburo member of the Communist Party of China (CPC) and secretary of the Secretariat of the CPC Central Committee.

Worried about developments in the Mediterranean, Natta said that terrorism should be condemned, but this problem cannot be solved by war at all.



Natta told Qiao, who is heading a Chinese delegation to the 17th Congress of the Italian Communist Party, that he noticed the Chinese Government's position on this issue. He called on Europe, China and non-aligned countries to work together to stop the U.S. war-oriented action in the hope of solving the conflicts between Washington and Tripoli properly. Natta said he thanked the CPC for sending a delegation to his party congress.

Qiao congratulated Natta on his re-election as general secretary of the Italian Communist Party. Deeply impressed by the successful 17th Congress, Qiao said he found that the Italian Communists are more united and self-confident. He said he is convinced that the party lines adopted at the 17th Congress will be surely carried out.

Qiao was also met by Valdo Spini, member of the Executive Committee of the Italian Social Party, this afternoon. Spini recalled the friendly relations between the two parties. He said, "We are all for China's foreign policy, and world peace should not be determined by the two superpowers." They also exchanged views on the situation in the Mediterranean.

#### PRC, TURKEY SIGN ACCORD FOR JOINT VENTURE

OW150948 Beijing XINHUA in English 0710 GMT 15 Apr 86

[Text] Ankara, April 14 (XINHUA) -- An agreement on establishing the first Sino-Turkish joint venture of an industrial company for producing small-sized hydro-turbine power generating sets was signed here today.

Under the agreement, the China Chongqing International Economic and Technical Cooperation Company will have 49 percent of the total shares of the capital of the joint venture, while the Lamas Company of Turkey will have 51 percent. The profit of the joint venture will be distributed in accordance with the share of the capital.

Before the formal establishment of the joint venture, the Lamas Company of Turkey will serve as the sole agent of China in marketing Chinese-made hydro-turbines in Turkey and China will send experts to Turkey to help in assembling and installing the first batch of five to ten hydro-turbine power generating sets.

According to a market survey, Turkey's need for small-sized hydro-turbine power generating sets exceeds 50 sets every year and the annual sales of the sets reach over two million U.S. dollars.

PRC-POLISH SHIPPING LINKS 'FLOURISHING'

OW162327 Beijing XINHUA in English 2222 GMT 16 Apr 86

["Flourishing Chinese-Polish Shipping Links" -- (by Wen Youren and Shan Xi) -- XINHUA headline]

[Text] Gdynia, Poland, April 16 (XINHUA) -- Huge cranes are operating shipshape amidst a hive of activity as hundreds of cars and lorries are waiting for their turn to be loaded in China-bound colossal ships at anchor in this northern port city, which has witnessed a thriving Chinese-Polish shipping interflow over the past 35 years. A rally is held today in Gdynia, site of the subsidiary of the Chinese-Polish joint-stock whipping company whose headquarters are based in Shanghai, eastern China, to mark the 35th anniversary of the founding of the company.

Established in 1951, one year and a half after the founding of a new China, the company was entrusted with opening up a shipment channel between China and Europe in efforts to break the blockade imposed against China. The enterprise has survived all other Chinese-foreign joint shipping companies. For 35 years, shipments by the company have amounted to 22.5 million tons and its annual freight volume reached 1.03 million tons in 1985. The company has made an outstanding contribution to socialist construction in China and Poland and to the friendship between the two countries.

Working on "the modern sea silk road" as it is known to some people, the company, which now boasts a fleet of 23 ships, undertakes much of the shipments in Chinese-Hungary and Chinese-Czechoslovak trade in addition to those between China and Poland. While the ancient silk road facilitated the flow of culture between China and west Asia 2,000 years ago, today silk only takes up a tiny part among the nearly 100 sorts of commodities shipped from China.

Chinese-Polish trade has grown rapidly in recent years. In 1984, the turnover of two-way trade hit an all-time high, reaching 460 million Swiss francs. The next year, trade agreements signed between the two countries envisaged 1.3 billion Swiss francs. In 1986, bilateral trade is expected to rise to 1.5 billion Swiss francs. A total of 18,000 tons of Chinese tea will arrive in Poland, making China number one tea supplier of the country. In turn, shipments of cars, lorries and coal mining equipment are going to China.

HONECKER NOTES IMPROVEMENT IN TIES WITH PRC

OW172225 Beijing XINHUA in English 2105 GMT 17 Apr 86

[Text] Berlin, April 17 (XINHUA) -- The Democratic Republic of Germany (GDR) will give priority in its foreign policy to effective actions towards arms limitation and disarmament so as to head off nuclear war, prevent the militarization of space and abolish nuclear weapons. The remarks were made by General Secretary Erich Honecker in his report delivered to the 11th Congress of the Socialist Unity Party of Germany (SED), which opened here today.

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EASTERN EUROPE

Honecker, who is also chairman of the GDR Council of State, condemned the U.S. Strategic Defense Initiative (SDI) as a "destructive policy" and said that the support to SDI by the government of the Federal Republic of Germany is complicating her relations with the socialist countries and harming the interests of security and cooperation in Europe.

Honecker called for a ban on nuclear tests and urged U.S. President Reagan and Soviet leader Gorbachev to meet again to work out such a ban. The first step in ridding the world of nuclear weapons must be to stop incessantly testing new ones and this chance should be seized by arranging such a meeting, he said.

While stressing the continuation of a foreign policy to safeguard peace through political dialogue, Honecker said his country will continue to work for the normalization of the international situation and a return to detente.

Honecker denounced once again the U.S. air raid on Libya and expressed the GDR's solidarity with the struggle of the Libyan people.

Honecker voiced his support for direct and substantive talks between the Council for Mutual Economic Assistance and the West European Economic Community.

On the relationship between the two Germans, Honecker said to safeguard peace remained the pivotal issue and his country attached great importance to the joint statement of March 12, 1985 and was in favor of strict observance and full implementation of the quadripartite agreement of September 3, 1971 as regards West Berlin.

Honecker said that systematic expansion of the fraternal alliance with the Soviet Union and other socialist countries was also of prior importance in the GDR's international strategy in the coming years.

On relations with China, Honecker said: "We are gratified to notice a welcome improvement of relations between the GDR and China in the political, economic and cultural spheres." He stressed that the evolving cooperation between the two countries was having a positive impact on the struggle of preserving peace.

Honecker supported the proposal for convening an international Middle East conference with the Palestine Liberation Organization participating. He said the war between Iran and Iraq must be ended as soon as possible.

CANADA'S TRUDEAU, BUSINESSMEN WELCOMED IN BEIJING

OW161920 Beijing XINHUA in English 1530 GMT 16 Apr 86

[Text] Beijing, April 16 (XINHUA) -- Former Canadian Prime Minister Pierre Elliott Trudeau and a delegation of Canadian entrepreneurs led by him were welcomed here this evening by the China Council for the Promotion of International Trade. Jia Shi, chairman of the council, called the delegation's visit to China "a great event in Sino-Canadian economic and trade relations."

At a banquet in honor of the guests, Jia said since diplomatic ties were established between China and Canada friendly cooperation has expanded and trade increased. "Now, Canada has become one of our major trade partners, and the Canadian Government and people from industrial and commercial fields attach great importance to the exploration of Chinese markets," he said. He hoped that the Canadian entrepreneurs would help alleviate the trade imbalance which is currently in favor of Canada. Jia stressed that there is a broad vista for Sino-Canadian economic and technological cooperation and trade. "We hope more and more industrialists and bankers will invest in China and carry out economic cooperation on the basis of joint ventures or in other forms," he added.

In reply, Trudeau said that Canada's business cooperation with China shows that it has faith in China as an important stabilizing factor in the world. He expressed the belief that the economic and trade contacts between the two countries would promote mutual help and understanding, as well as increase the factor of safeguarding world peace.

Huang Hua, vice-chairman of the National People's Congress Standing Committee, attended the banquet.

This morning, Jia Shi and Trudeau exchanged views on expanding the economic and trade relations between the two countries. The delegation arrived here yesterday.

Meet Deng Xiaoping

OW170644 Beijing XINHUA in English 0630 GMT 17 Apr 86

[Text] Beijing, April 17 (XINHUA) -- Deng Xiaoping, chairman of the Communist Party Central Advisory Commission, met here today with former Canadian Prime Minister Pierre Elliott Trudeau. Deng, who met Trudeau on his 1973 China visit, said it was a pleasure to meet an old friend. Trudeau thanked Deng for remembering their friendship. He also congratulated the Chinese people's on their achievements over the past few years.

Zhao Ziyang Hosts Dinner

OW172023 Beijing XINHUA in English 1540 GMT 17 Apr 86

[Text] Beijing, April 17 (XINHUA) -- Chinese Premier Zhao Ziyang met former Canadian Prime Minister Pierre Trudeau, who is heading a delegation of Canadian entrepreneurs here, this evening at the Diaoyutai State Guesthouse and hosted a dinner in his honor. Earlier, Canadian Ambassador to China Richard V. Gorchakov gave a reception at his residence on the occasion of Trudeau's visit here.



'EXCERPTS' OF SEVENTH 5-YEAR PLAN RELEASED

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["Excerpts from China's Seventh Five-Year Plan (1986-1990)" -- XINHUA headline]

[Text] Beijing, April 14 (XINHUA) -- The following are excerpts from China's Seventh Five-Year Plan for Economic and Social Development (1986-1990), approved on April 12, 1986 by the Fourth Session of the Sixth National People's Congress:

The Seventh Five-Year Plan of the People's Republic of China for Economic and Social Development (1986-1990): Excerpts approved on April 12, 1986 by the Fourth Session of the Sixth National People's Congress

#### Introduction

The period of the Seventh Five-Year Plan for Economic and Social Development is crucial for the comprehensive reform of our economic structure. It is also important because during this period we must make the material and technological preparations and train personnel so as to ensure greater economic progress during the 1990s. In order to attain by the end of the century the magnificent goals set by the Communist Party of its Twelfth National Congress and build a socialist society with Chinese characteristics, it is absolutely essential for us to have an overall plan for the next five years and to carry it out successfully.

In drawing up the Seventh Five-Year Plan, we have done our best to make it realistic and feasible, basing it on a comprehensive assessment of our country's economic and social realities. We have taken into consideration the remarkable achievements already scored and other favourable conditions for further advance, and we have also tried to anticipate the problems and difficulties that might arise.

During the period of the Seventh Five-Year Plan, we will continue the changeover of our strategy for economic development and our system of economic management from old models to new ones in accordance with the general requirement of building socialism with Chinese characteristics and with the basic principles of invigorating our domestic economy and opening to the outside world. To achieve our goals, we need to adopt the following guidelines:

-- Give priority to reform and make sure that reform and development are adapted to and promote each other.

-- Keep a basic balance between total social demand and supply and try to maintain a balance in state finance, credits, materials and foreign exchange and a general balance among these different sectors.

-- Give top priority to improving economic results and especially product quality, and correctly handle the relations between economic results and growth rates and between quality and quantity.

-- Further rationalize the industrial structure so as to keep pace with the people's changing demand patterns and with the modernization of the national economy.

-- Keep total investment in fixed assets within proper limits, rationalize investment patterns and accelerate the development of the energy, transport, telecommunications, and raw and semi-finished materials industries.

-- Shift the emphasis of development to the technological transformation, renovation and expansion of existing enterprises, and have them expand reproduction chiefly by intensive means.

-- Attach strategic importance to the advance of science and education, promote scientific and technological progress and speed up the development of intellectual resources.

-- Open wider to the outside world and link the development of the domestic economy better with expanded economic and technological exchange with other countries.

-- Further improve the material and cultural lives of both urban and rural residents on the basis of increased production and better economic results.

-- Promote the cultural and ideological advance of socialist society while furthering its material progress.

-- In all our efforts to build the country, maintain our tradition of hard work and thrift.

#### I. Major Tasks and Objectives for Economic Development

##### Chapter 1: Major Tasks

The major tasks set by the Seventh Five-Year Plan are as follows:

1. To create a favourable economic and social environment and maintain a basic balance between total social demand and supply, so as to facilitate the reform and to lay most of the groundwork for a new type of socialist economic structure with Chinese characteristics within the five years or a little longer.
2. To maintain a steady growth of the economy and, while controlling the scale of investment in fixed assets, vigorously push forward the construction of key projects, the technological transformation of enterprises and the development of intellectual resources, so as to prepare the materials, technology and trained personnel required for continued economic and social development in the 1990s.
3. To further improve the living standards of the people in town and country, on the basis of increased production and better economic performance.

Of the three closely-interrelated tasks, the first is the most important.

The work of the Seventh Five-Year Plan period can be divided into two stages, the first two years comprising the first stage and the last three years the second. In the first stage, efforts in economic construction will be focused on reducing excessive investment in fixed assets and checking the precipitous rise in consumption funds, so as to strike a basic balance between total supply and demand. In economic structural reform, efforts will be made to enhance macroeconomic control in order to stabilize the economy. At the same time we shall try to further invigorate the large and medium-sized state enterprises and to develop lateral economic ties among them. In the second stage, these tasks having been accomplished, we will push forward economic structural reform and step up production and construction to fulfill all the other tasks set by the plan.

## Chapter 2: Economic Growth Rate and Economic Performance

## 1. Total output value of industry and agriculture

The total value of industrial and agricultural output for 1990, calculated in terms of 1980 constant prices, will be 1,677 billion yuan, a 38 per cent increase over 1985. This is an average annual increase of 6.7 per cent. The breakdown of this total is as follows:

Total value of agricultural output will be 353 billion yuan, up 21.6 per cent over 1985. This is an average annual increase of 4 per cent (or 6 per cent if the output value of village industries is included).

Total value of industrial output will be 1,324 billion yuan, up 43.4 per cent over 1985. This is an average annual increase of 7.5 per cent (or 7 per cent if the output value of village industries is excluded). Of this total, the output value of light industry will be 661 billion yuan and that of heavy industry 663 billion yuan, both increasing at an average annual rate of 7.5 per cent.

## 2. Gross national product

Calculated in terms of 1985 prices, the 1990 GNP will reach 1,117 billion yuan, an increase of 44.6 per cent over 1985, or an average annual increase of 7.5 per cent. The breakdown of this figure is as follows:

The contribution to GNP of primary industry will be 306 billion yuan in 1990, a 22.9 per cent increase over 1985, or an average annual increase of 4.2 per cent.

The contribution to GNP of secondary industry will be 530 billion yuan, a 45.2 per cent increase over 1985, or an average annual increase of 7.7 per cent.

The contribution to GNP of tertiary industry will be 281 billion yuan, an increase of 71.3 per cent over 1985, or an average annual increase of 11.4 per cent.

## 3. Economic Performance

We shall systematically adopt international standards for important products and increase the number and variety of new products. The amount of energy, measured in tons of standard coal, required to produce each 10,000 yuan of national income will be reduced from the 1985 figure of 12.9 tons to 11.4 tons by 1990. National labour productivity is expected to rise by an average of 3.8 per cent annually. In state enterprises and institutions, the proportion of investment in fixed assets for capital construction projects to be brought into operation will increase from 73.6 per cent in the period of the Sixth Five-Year Plan to 75 per cent in the period of the seventh. The average turnover period for budgetary circulating funds of state-owned industrial enterprises will be shortened from 101 days in 1985 to 96 days in 1990.

## Chapter 3: Generation and Distribution of National Income

## 1. National income

In 1990, national income will reach 935 billion yuan, an increase of 38 per cent over 1985, or an average annual increase of 6.7 per cent.



Total consumption funds for the five years are set at 3,007 billion yuan, the average annual rate of consumption being 70 per cent of national income. Total accumulation funds are set at 1,315 billion yuan, the average annual rate of accumulation being 30 per cent of national income.

## 2. Consumption level of citizens

By 1990, the consumption level of citizens all over the country will reach 517 yuan per capita, an average annual increase of 5 per cent. The average annual increase for urban residents will be 4.2 per cent and that for rural residents 5.1 per cent.

## 3. Scale of investment in fixed assets

During the five-year period, the total amount of investment in fixed assets will be 1,296 billion yuan, of which 896 billion yuan will be invested in state enterprises and institutions, 160 billion yuan in collective enterprises and 240 billion yuan in private enterprises in town and country.

Of total investment in fixed assets of state enterprises and institutions, investment in capital construction will amount to 500 billion yuan, investment in updating equipment and technological transformation to 276 billion yuan and that in other projects to 120 billion yuan. The fixed assets of state enterprises are to grow by more than 600 billion yuan in five years.

## Chapter 4: Finance and Foreign Exchange

### 1. State revenues

State revenues in 1990 will come to 256.7 billion yuan. Total revenues for the five-year period will be 1,119.4 billion yuan, an increase of 4-7.6 billion yuan over the previous five-year period.

### 2. State expenditures

State expenditures in 1990 will amount to 256.7 billion yuan. Total expenditures for the five-year period will be 1,119.4 billion yuan, and thus the budget will be balanced.

The major purposes of state expenditures will be as follows:

(1) To continue to guarantee the construction of key projects. The appropriations (including foreign loans) for capital construction in the five years will be 349.9 billion yuan, accounting for 31.3 per cent of the total state expenditure.

(2) To develop intellectual resources with more appropriations. In the five-year period, operating expenses for education, science, culture, public health and sports will total 201.6 billion yuan, an average annual increase of 8 per cent, which exceeds the growth rate of revenues from regular items.

(3) To promote reform of the price structure and the wage system.

Proper limits will be put on the growth of expenditures for national defence and administration.

### 3. Credit receipts and payments

The total credit available during these five years will increase by 474.5 billion yuan, while the total of credit actually used will grow by 574.5 billion yuan.

Credit will mainly be used to provide more loans for the circulating funds of industrial and commercial enterprises, for agriculture and for investment in fixed assets.

In accordance with the needs of expanded production and circulation of commodities, we will increase the issue of currency by an appropriate amount on the basis of growing savings deposits.

### 4. Foreign exchange receipts and payments

According to figures supplied by the Ministry of Foreign Economic Relations and Trade, the nation's total turnover of import and export in 1990 will amount to U.S. 83 billion, a 40 per cent increase over 1985.

While trying to earn more foreign exchange through export, we shall increase the amount earned from sources other than trade and economize on the use of all foreign currencies.

## Chapter 5: Objectives for the Development of Science and Technology and of Education and Other Social Programmes

### 1. Scientific Research and technological progress

In the five years, the state will concentrate on 76 major scientific and technological research projects and 200 projects designed to develop technology and spread the use of significant research achievements. We shall try to attain major successes in new technological research projects that are of crucial importance and marked progress in the application of new technology to transform traditional industries. By 1990, the quality and properties of about 40 per cent of our major industrial products will have reached the level of advanced countries in the late 1970s or early 1980s.

Vigorous efforts will be made to open up areas of new and high technology and to intensify applied and basic research.

We shall also conduct in-depth research in social sciences.

### 2. Development of intellectual resources

The system of nine-year compulsory education will be gradually introduced. In the next five years the number of students graduating from full-time vocational and technical schools at the senior middle school level will increase by 110 per cent over the period of the Sixth Five-Year Plan.

The number of graduates of regular or special courses in institutions of higher education will increase by 70 per cent as compared to the preceding period, and the number of those who have completed postgraduate work by 350 per cent. Various forms of adult higher education will be expanded.

We shall also expand part-time training for cadres, workers and peasants by diverse means.

### 3. Other social programmes

We shall try to keep the average annual population growth rate at around 12.4 per thousand.

About 29 million new jobs will be provided in cities and towns in the five years.

We shall take more effective measures for labour protection and gradually introduce or improve systems of social benefits to meet the needs of the new situation.

We shall add 400,000 beds in hospitals above the county level.

We shall further improve the use of land, exploit and utilize natural resources more rationally and control pollution more effectively.

We shall further expand all cultural and sports undertakings.

## II. Industrial Structure and Policies

### Chapter 6: Targets and Principles for Readjustment of Industrial Structure

1. While prompting all-round developments of agriculture and steady growth in light and heavy industry, we shall emphasize improving the internal structure of all three sectors.

2. We shall speed up the development of the energy and raw and semi-finished materials industries and at the same time appropriately control the growth of ordinary processing industries, so that the two kinds of industries develop in better proportion.

3. Priority will be given to the development of transport and communications.

4. Vigorous efforts will be made to expand the building industry.

5. We shall accelerate the development of tertiary industry, which serves production and meets people's everyday needs.

6. We shall work hard to improve traditional industries and products by introducing new technologies, to develop knowledge- and technology-intensive products according to established priorities, to open up new areas of production and to promote in a planned way the creation and development of a number of new industries.

By 1990 the relative proportions of the major sectors of the economy will be as follows:

-- Of the total value of industrial and agricultural output, the proportion contributed by agriculture will drop from 23.9 per cent in 1985 to 21 per cent. The proportion contributed by light industry will rise from 38 per cent to 39.4 per cent and that of heavy industry will rise from 39.1 per cent to 39.6 per cent.

-- Of the gross industrial product, the proportion contributed by tertiary industry will increase from 21.3 per cent in 1985 to 25.5 per cent, while that of primary and secondary industry taken together will drop from 78.7 per cent to 74.5 per cent.



## Chapter 7: Agriculture

## Section 1. Primary Tasks and Targets

During the Seventh Five-Year Plan period, we shall continue to consider agriculture the foundation of the national economy and to promote the all-round development of the rural economy.

## Section 2. Structure and Rural Production

The following changes in the structure of rural production are anticipated by 1990:

-- Of total agricultural output value (not counting the products of village industries), the proportion contributed by crop farming will drop from 66 per cent in 1985 to 62 per cent, while that contributed by forestry, animal husbandry, aquatic and sideline production will rise from 34 per cent to 38 per cent.

-- Of total output value in rural areas, the proportion contributed by agriculture will fall from 57.7 per cent in 1985 to 51 per cent, while that contributed by industry, construction, transport, commerce and service trades will rise from 42.3 per cent to 49 per cent.

## (1) Crop farming

We shall continue to act on the principle that we must never relax our efforts to increase grain production and to develop a diversified rural economy. Targets for average annual output of the main crops areas follows:

Grain: 415 million tons (425-450 million tons in 1990), which represents an increase of 12 per cent over the period of the Sixth Five-Year Plan.

Cotton: 4.25 million tons (4.25 million tons in 1990), which is slightly less than the average annual output during the preceding period.

Oil-yielding crops: 17.12 million tons (18.25 million tons in 1990), or 42 per cent more than during the preceding period.

Sugar-yielding crops: 63.85 million tons (68.75 million tons in 1990), or 40 per cent more than during the preceding period.

To fulfill the grain production quota, we will make sure that land allocated for the purpose is not reduced and we will strive to raise per-unit yield. Cash crops will be produced in accordance with changes in market supply and demand. Adequate land will be reserved for growing vegetables in city suburbs. Cities will depend mainly on their suburbs for vegetables, drawing additional supplies from the distant outskirts and trading with other areas. Land planted to fodder and crops that are designed to add nutrients to the soil will be increased.

## (2) Forestry

Our principle is to continue to stress afforestation. In five years 27.70 million hectares of land throughout China will be planted to trees so that total forest cover will increase from 12 per cent in 1985 to 14 per cent in 1990. We shall plant trees on uncultivated mountains, hills and waste land and protect them by restricting access to forests.

We shall continue to build shelterbelts in the northwest, north and northeast, and we shall afforest the areas along the upper and middle reaches of the Chang Jiang (Yangtze) River to conserve water and prevent soil erosion. We shall accelerate afforestation on the plains in drainage areas of rivers and streams and to plant trees on the fringes of villages, along rivers and roads and around homes. We shall exercise more effective government administration over forestry and put a stop to destructive lumbering.

### (3) Animal husbandry

In 1990 targets for the output of major animal products are as follows:

Meat: 22.75 million tons, an increase of 19.7 per cent over 1985.

Milk: 6.25 million tons, a 2.1-fold increase over 1985.

Eggs: 8.75 million tons, an increase of 65 per cent over 1985.

In developing animal husbandry, we shall place equal emphasis on farming and pastoral areas and encourage peasants and specialized households to breed livestock supplemented by the state and collectives in the endeavour. As animal husbandry increases, we shall focus on improving breeds to increase their marketability. An animal husbandry network will be gradually established on the outskirts of large and medium-sized cities, combining stock breeding, fodder production, livestock raising, processing of animal products and consultant services. We shall promote the development of pastures and make better use of the grassy hills and slopes in south China.

### (4) Aquatic production

We shall continue to develop aquiculture, fishing and processing simultaneously, with emphasis on the first, but there will be different priorities in different areas. The target for output of aquatic products in 1990 is 9 million tons, an increase of 29 per cent over 1985.

### (5) Township enterprises

In 1990, the total output value of township enterprises is expected to be 460 billion yuan, a twofold increase over 1985. We should actively support the development of township enterprises, plan them rationally, give them correct guidance and improve their management. In setting up township enterprises, all localities should rely mainly on their own accumulated funds and undertake only such projects as are within their capacity. They should make steady advances, avoid acting blindly, and ensure that they do not pollute the environment.

## Section 3. Water Conservancy and Meteorology

### (1) Water conservancy

We shall continue to increase flood-control capability for the Huang He (Yellow), Huai He, Hai He, Chang Jiang, Zhu Jiang (Pearl), Liao He and Songhua rivers, particularly in their major sections. We shall initiate in the east the first phase of a project to divert water from south to north China, so as to relieve shortages of water for industrial and agricultural uses in Beijing, Tianjin and Hebei Province. We shall carry out new water control projects at selected places in the valleys of small and medium-sized rivers. We shall also strengthen the management of existing projects and provide them with all supporting facilities to make them more effective.

## (2) Meteorology

In the five years we shall build a system for gathering meteorological data by a polar-orbiting weather satellite for their processing and for transmitting the resultant information and put up a radar network to monitor rainstorms along the Chang Jiang river valley. We shall also complete most of the construction for national, regional and inter-provincial communications networks for the meteorological service. We shall also accelerate the building of a mid-range weather forecasting system.

## Section 4. Major Policies and Measures

We shall further develop different forms of the responsibility system linking remuneration with output, and different forms of co-operation and joint management between undertakings on the basis of voluntary participation and mutual benefit. We shall continue to reform the agricultural planning system and the system of unified and fixed state purchasing of farm products. We shall improve the soil; spread the use of fine crop strains; improve agricultural techniques, operations and management; increase supplies of chemical fertilizers, pesticides, plastic sheeting, farm tools and electricity in the rural areas; and promote mechanization. We shall increase state investment in agriculture, with emphasis on infrastructural facilities, at the same time expand accumulation of funds in agriculture.

## Chapter 8: Consumer Goods Industry

## Section 1. Basic Tasks

To accommodate the people's rising consumption levels and changing consumption patterns, we shall vigorously promote an all-round development of the consumer goods industry. It is expected that in 1990 output of consumer goods will be 40 per cent greater than in 1985.

## Section 2. Development of Major Sectors

## (1) Sugar, tobacco and beverage industries

In 1990 the output of these products is expected to be as follows:

Sugar: 5.5-6.0 million tons, an increase of 23.6-34.8 per cent over 1985.

Cigarettes: 26 million cartons, an increase of 10.6 per cent over 1985.

Beer: 6.5 million tons, 2.1 times the amount produced in 1985.

Soft drinks: 3 million tons, a threefold increase over 1985.

We shall carry out technological transformation of existing sugar refineries and build a number of new ones to increase capacity by 1.6 million tons. We shall transform, renovate and expand a number of cigarette factories so as to improve quality and increase the proportion of low-tar and filter-tipped cigarettes. Beer production capacity will be increased by 3.5 million tons in five years.

## (2) Textile and garment industries

-- Chemical fibre industry: the target output of chemical fibres for 1990 is 1.45 million tons, an increase of 500,000 tons over 1985. Production capacity will increase by 870,000 tons in the five years.



-- Cotton textile industry: the target output of cotton yarn for 1990 is 21.5 million bales and of cotton cloth 16.2 billion metres. The total number of open-end spinning heads will increase by 420,000 in the five-year period, and the number of modern looms go up by 13,000. In addition, 2.5 million spindles will be renovated.

-- Wool and linen industry: priority will be given to the development of wool-blend fabrics and coarse woollen fabrics.

-- Silk industry: emphasis will be placed on greater variety, quality and intensive processing.

-- Knitwear industry: efforts will be made to produce more cotton and cotton-blend knitwear and to increase the proportion of such products in the total output of the textile industry.

-- Garment industry: for 1990 the target output of garments is 2.8 billion pieces, an increase of 65 per cent over 1985.

### (3) Durable consumer goods industry

In 1990, most of the components for television sets, refrigerators and washing machines will be produced domestically. In terms of both technical and economic norms, the components produced by most factories will match those of the developed countries. The 1990 output of television sets is expected to reach 15 million, of which 5 million will be colour sets, 22 per cent more than in 1985. The planned output of household refrigerators is 6.5-7.5 million, 4.7-5.4 times more than in 1985. Twelve million household washing machines will be produced, or 36 per cent more than in 1985.

### (4) Other light industries

The 1990 output of machine-made paper and cardboard is expected to be 10 million tons, or 21 per cent more than in 1985. Paper-making capacity will increase by 2 million tons in the five years. The output of detergent is expected to be 1.4 million tons, an increase of 40.6 per cent over 1985. Efforts will be made to produce other products, including various small articles for daily use, in accordance with market demand and available resources.

## Section 3. Major Policies and Measures

We shall give greater scope to the regulating role of price policies, gradually widening the price gap between top quality and average quality products. We shall thus help increase the varieties of products, improve their quality and develop new ones. In providing loans, allocating foreign exchange and supplying energy, raw and semi-finished materials and means of transport, we shall give priority to production of those goods for which there is greatest demand. A number of centres for the production of raw materials for the textile industry and other light industries will be built systematically. Associations of related enterprises will be organized around key enterprises.

## Chapter 9: Energy

The target for total output of non-renewable energy in 1990 is the equivalent of 991 million tons of standard coal, representing an increase of 150 million tons over 1985 and an average annual growth rate of 3.4 per cent. The equivalent of 100 million tons of standard coal will be saved in five years.

## Section 1. Power Industry

This 1990 target for national output of electricity is 550 billion kwh, 142.7 billion more than in 1985. In the five-year period, power generating capacity will be increased by 60-65 million kw, of which hydropower will account for 18.8 million kw. Generator installations with a total capacity of 30-35 million kw will be put into operation; this figure includes 8 million kw of hydropower.

A number of thermal power plants will be built in the major coal producing areas, coastal areas and areas that consume a great deal of electricity. Several big hydropower stations will be built along the upper reaches of the Huang He river, the upper and middle reaches of the Chang Jiang river and its major tributaries and of the Hongshui river. Medium-sized hydropower stations will be built in northeast and east China and in other regions. Nuclear power stations will be built at selected places. Efforts will be made to strengthen regional power grids.

The main policies and measures in this connection will be the following: all localities, departments and enterprises will be encouraged to pool funds to build power stations. The price lever will be used in regulating the supply and demand for electricity. Investment in the capital construction of state-planned power projects will be made by the Ministry of Water Resources and Electric Power. Control of the supply and distribution of electricity and of power grids will be tightened.

## Section 2. Coal Industry

In 1990, total coal output is expected to reach a billion tons, or 150 million more than in 1985. In the five-year period, new mines will be opened with a planned production capacity of 318 million tons, of which 167 million tons will actually be produced by those that have been completed. The geographical distribution of this new capacity will be as follows:

- North China: 111.5 million tons, of which 70.85 million will actually be produced.
- Northeast China and eastern inner Mongolia: 65.65 million tons, of which 36.86 million will actually be produced.
- East China: 62.96 million tons, of which 26.26 million will actually be produced.
- Central-South China: 20.26 million tons.
- Southwest China: 10.5 million tons.
- Northwest China: 16.65 million tons.

The principal policies and measures will be as follows: Those coal mines whose products come under unified state distribution will be required to take overall responsibility for their input and output, so that they will try to produce more with less input. The emphasis in construction will be placed on technological transformation, renovation and expansion of existing coal mines. We shall continue to build small, medium-sized and large mines, especially the two former. Localities and departments will be encouraged to pool funds to operate coal mines. Assistance will be given to the construction of selected small and medium-sized local coal mines.

## Section 3. Petroleum Industry

In 1990, the total output of crude oil is expected to reach 150 million tons, an increase of 25 million tons over 1985. The planned output of natural gas is 15 billion cubic metres, 2.14 billion more than in 1985. During the five years, oil extracting capacity is to increase by 60 million tons and natural gas extracting capacity by 3 billion cubic metres.

Principal policies and measures will be as follows: The practice of allowing enterprises to dispose of all oil they may produce in excess of their annual quotas will be continued. Efforts will be made to renovate and expand old oil fields and to provide them with all supporting facilities. Managerial expertise and advanced technology will be imported and assimilated. We shall accelerate the prospecting for and development of natural gas, so as to reduce our lopsided reliance on oil.

#### Section 4. Energy Conservation and Reduced Use of Oil for Fuel

Further efforts will be made to launch technological transformation projects with a view to conserving energy. In the five years the state will build a number of key energy-saving projects. It will also build technologically advanced demonstration projects to set an example of low energy consumption combined with high economic performance. We shall experiment with more new techniques, technologies, equipment and materials and bring into widespread use those which save large amounts of energy.

In the period of the Seventh Five-Year Plan, efforts will be made to reduce the consumption of fuel oil by a planned total of 10 million tons. In 1980 40 per cent of all oil produced was consumed in the form of fuel; it is anticipated that in 1990 only about 18 per cent of the total will be so used.

#### Section 5. Rural Energy Resources

We shall encourage conservation of energy resources in rural areas. We shall try to spread the use of firewood- and coal-saving stoves and of methane-generating pits and to develop fuel forests. More small hydropower stations will be built in rural areas where there are sufficient water resources. Solar wind and geothermal energy will also be exploited.

### Chapter 10: Raw and Semi-Finished Materials Industries

#### Section 1. Objectives

The targets for the output of major products in 1990 are as follows:

- Steel: 55-58 million tons, an increase of 17.9-24.3 per cent over 1985;
- Rolled steel: 44-46.5 million tons, an increase of 19.6-26.4 per cent;
- Chemical fertilizers: 16.3 million tons, an increase of 22.1 per cent;
- Soda ash: 3.5 million tons, an increase of 75 per cent;
- Ethylene: 1.2-1.4 million tons, an increase of 84.3-115 per cent; and
- Timber: 68-72 million cubic metres, an increase of 7.8-14 per cent.

The economic performance of these major industries will reach a new high.

#### Section 2. Construction Plans

We shall upgrade a number of key iron and steel projects and mining projects and build new ones so that the major equipment of all these projects is up to the level reached by developed countries in the late 1970s. Over the five years, we plan to increase steel-making capacity by 15 million tons, iron-smelting capacity by 12 million tons, rolling capacity by 14.5 million tons and iron-ore mining capacity by 42 million tons.



We shall promote production of three major synthetic materials. In the five-year period, the newly added production capacity for ethylene and synthetic resins will be 930,000 tons and 1,250,000 tons respectively, for synthetic rubber 100,000 tons and for synthetic fibre 180,000 tons.

We shall continue to give priority to the production of aluminium and to promote production of lead, zinc and copper. We shall arrange the production of tin, a traditional export, and other minerals that have been in short supply at home. In the five-year period the capacity to produce oxidized aluminium will be increased by 1,110,000 tons and the capacity to produce electrolytic aluminium by 420,000 tons.

We shall readjust the relative amounts of different fertilizers produced. We shall increase output of soda ash and other raw materials for basic industrial chemicals, promote the production of refined industrial chemicals and explore the production of new ones. In the period, we plan to increase our production capacity for nitrogenous fertilizer by 1.2 million tons, phosphate fertilizer by 730,000 tons, and soda ash by 2,600,000 tons.

We shall raise the efficiency of existing oil refining equipment and improve intensive processing. In the next five years we expect to achieve the capacity to process an additional 22.5 million tons of crude oil and to reprocess an additional 24 million tons.

We shall expedite the growth of the lumber industry and work hard to increase its output. We expect that output to be increased by 3.04 million cubic metres in five years. By 1990 the output of composition board will come to 2 million cubic metres.

### Section 3. Major Policies and Measures

We shall institute different forms of the contract system, under which enterprises are responsible for their own input and output. We shall gradually reduce the quantity and variety of products covered by mandatory plans when possible, we shall import more raw materials and semi-finished products to be processed domestically. Localities, departments and enterprises will be encouraged to engage in raw and semi-finished materials industries. We shall systematically raise the prices of raw and semi-finished materials that are too low and price chemical fertilizers according to quality and seasonal demand. We shall use metals more efficiently, cut back consumption quotas for raw and semi-finished materials, develop substitute materials and do a good job of recovering and recycling waste materials.

### Chapter 11: Geological Prospecting

We shall speed up mineral surveys and evaluation of reserves. We shall increase prospecting for oil, natural gas and coal and try to verify new reserves of these as well. We shall improve the general survey of gold, silver, copper, aluminium, lead, zinc, tin, sulphur, borax and other mineral ores and try to locate additional exploitable reserves. At the same time, we shall promote work in hydrogeology and engineering geology and lay a solid foundation for geological work and research.

To accomplish all this, we will have to reform the management system for geological work and encourage the initiative of the geological teams. Localities, departments and enterprises should be compensated for the use of their geological prospecting results, so they will be encouraged to raise funds for projects in this field. We shall gradually introduce on a trial basis the system of bidding on geological work. We shall assemble a contingent of highly competent, mobile geological workers, build bases for field teams and gradually improve their working and living conditions. The technological level of geological prospecting will be raised and equipment upgraded.

## Chapter 12: Machine-Building and Electronics Industries

## Section 1. Objectives and Plans for Production and Construction

It is planned that by 1990 the total output value of China's machine-building and electronics industries will be 50 per cent greater than that of 1985. The major products of key enterprises should be manufactured according to international standards, so that in terms of quality half of such products will have reached the level attained by industrially developed countries in the late 1970s or early 1980s. Integrated circuits, computers, communications equipment, software and other products will be up to advanced world standards. Efforts will be made to open up the world market so as to substantially increase the export of mechanical and electronics products. The specific plans are as follows:

To meet the need for increased production and conservation of energy, we shall promote the manufacture of power, mining and oil equipment. We shall bring our annual power generating capacity up to 10 million kw. and build the corresponding equipment for transmission and transformation. We shall increase our capacity to produce power station boilers, ancillary generators, etc., which are now in short supply. We shall try to develop complete sets of equipment for 20-million-ton class opencut mines, equipment for underground mining multi-purpose mining equipment, and equipment for large coal-washing plants and for large ore-dressing plants. We shall develop whole sets of oil drilling equipment and gradually learn how to manufacture key equipment for offshore oil exploration and for intensive oil processing. We shall develop new energy-efficient mechanical and electronics products and replace those that are energy-wasteful.

To speed up the development of transport services, we shall expand the production of transport equipment, making the manufacture of automobiles an important support industry. In 1990, we expect to produce 560,000 automobiles of all kinds, with production techniques for major models up to the level reached by developed countries in the early 1980s. We shall expand the production of rolling stock and raise our standards of commercial ship-building. We shall increase the manufacture of passenger and freight planes for use on domestic airlines as well as planes for specialized purposes.

To stimulate the raw and semi-finished materials industries, we shall accelerate the manufacture of equipment for the metallurgical, chemical and building materials industries. In co-ordination with the building of the second-stage project of the Shanghai Baoshan Iron and Steel Corporation, we shall manufacture modular sets of heavy metallurgical equipment. We shall also provide complete sets of advanced equipment, including continuous casting machines, rolling mills and blast furnaces, for the technological transformation, renovation or expansion of key iron and steel plants. To facilitate similar modernization undertaken by enterprises in the chemical industry, we shall provide modular sets of equipment for ethylene processing and for the production of chemical fertilizers, gas for urban use, soda ash and refined industrial chemicals. We shall promote the manufacture of plastics processing machinery and provide mechanized vertical kiln equipment for the technological transformation of small cement plants.

To foster new industries, we shall speed up the development of the integrated circuits, computer, communications equipment and software industries. We shall build bases for scientific research on and manufacture of integrated circuits and bring them into widespread use. We shall stress production of micro-computers and their peripheral equipment and at the same time develop computers of all sizes, including industry computers. We shall make greater efforts to develop and manufacture modern communications equipment, with emphasis on optical-fibre and terminal equipment. We shall work out policies for developing application software for computers.

To serve the needs of an expanded rural economy and the technological transformation of major industries, we shall organize the manufacture of farm machinery and machines for other specialized purposes.

To facilitate the technological transformation and expansion of the machine-building and electronics industries, we shall accelerate the development of basic machinery, meters and other instruments as well as of basic machine parts and electronic components.

We shall also try to increase the manufacture of mechanical and electronic products that are designed to raise living standards and to serve social development.

## Section 2. Major Policies and Measures

Except for a few special enterprises, all machine-building and electronics enterprises will be placed under the administration of large or medium-sized cities. The enterprises will be given operating and managerial powers. It is essential to closely link management of these industries with management of the urban economy. We shall draw up regulations governing responsibility for the quality of products and strictly enforce them, setting up a regular system of quality control. We shall make unified plans for the technological transformation of the machine-building and electronics industries and for the introduction and development of new technologies in those fields. We shall promote co-ordination among specialized departments, step up scientific research and enhance our capacity to develop new products.

### Chapter 13: Building and Building Materials Industries

The total output value of the building industry in 1990 is expected to be 229 billion yuan, an increase of 40 per cent over 1985.

The target for total cement output in 1990 is 180 million tons, a rise of 26.48 per cent over 1985. While promoting production of plate glass for windows, we shall explore new varieties of intensively-processed glass, such as large-sheet armoured glass, stained glass and heat-absorbent glass. We shall upgrade ceramic bathroom fixtures and increase variety. We shall develop new varieties of building materials for decoration, remodeling, panelling and ceilings. We shall also expand demonstration production lines of aerated concrete, building blocks and other partition materials that conserve energy and are made of waste materials. More use will be made of silicate and non-metallic minerals.

### Chapter 14: Transport and Post and Telecommunications

#### Section 1. Objectives and Policies of Development

In 1990, the total volume of freight carried by all means of transport is expected to be 9.4 billion tons, an increase of 44.6 per cent over 1985. Of this, freight handled by transport departments will amount to 3.7 billion tons, a rise of 35 per cent over 1985, or an annual increase of 6.2 per cent. The anticipated passenger volume will be 8.5-9.0 billion persons, an increase of some 60 per cent. Target figures for the various sectors are as follows:

Volume of rail freight: 1.6 billion tons, an increase of 25.5 per cent over 1985.  
Number of passengers carried by rail: 1.4 billion, an increase of 36.4 per cent.



Volume of freight handled by ships and barges: 600 million tons, up 23.2 per cent from 1985. Passengers carried by water: 299 million, 12.3 per cent more than in 1985.

Handling capacity of coastal harbours: 500 million tons, an increase of 51.5 per cent over 1985.

Volume of freight moved by highway transport departments: 900 million tons, an increase of 38.5 over 1985.

Volume of air freight: 2.5 billion ton-kilometers, nearly double that of 1985.

Total post and telecommunications business: 5 billion yuan, an increase of 70.1 per cent over 1985.

To attain these objectives, we shall adopt the following policies and measures: (1) Continue to operate transport and telecommunications services with funds raised by the state, collectives and individuals. Where conditions permit, encourage localities and departments to build harbours and piers for specialized use or establish airlines, with their own resources or with pooled funds. (2) Step up technological transformation, renovation and expansion of existing facilities to maximize their effectiveness. (3) Organize road transport to relieve the pressure on railways, link up river and ocean shipping and various means of relay transport. Promote container traffic and raise the efficiency and quality of transport services by land, water and air. (4) Continue to work steadily on structural reform. Civil airlines and post and telecommunications departments will be allowed to retain 90 per cent of their profits for their own use. A system will be established by which railway departments contract with the state to provide specified services and are responsible for their own profits and losses. Harbour authorities will make further efforts to separate the functions of government from those of enterprises. We shall continue to readjust charges for transport and postal and telecommunications services appropriately.

## Section 2. Transport Networks.

To facilitate the transport of coal, it is essential to set up a transport network based on railways and incorporating highways, water routes, and port facilities. To implement the policy of opening to the outside world and to link the coastal cities by maritime shipping, we have to set up another transport network, based on harbours and incorporating rail, highway, water and air routes. To meet the demands of substantially increased passenger traffic, and to take the pressure off trains, we have to increase travel by highway and expand the capacity of rail, water and air transport.

We shall build a number of new airports, especially in the coastal cities opening to the outside world, and expand existing ones.

In the five-year period, we plan to complete 3,600 kilometres of new trunk railway lines, to double-track 3,300 kilometres of railways and to electrify 4,000 kilometres. We plan to build more than 1,600 kilometres of high-speed first-class highway and 10,000 kilometres of second-class highway. We plan to dredge 5,000 kilometres of inland river routes and to build and put into operation 120 deep-water berths and 80 small and medium-sized ones, thus increasing the cargo-handling capacity of ports by 200 million tons.



### Section 3. Post and Telecommunications

During the period of the Seventh Five-Year Plan, China will install an additional 2.5-3.0 million telephones. A system of automatic or semi-automatic connections for long-distance calls between certain cities will be introduced. These will include provincial capitals, economic centres, coastal cities opening to the outside world and prefectures and municipalities in the economically developed eastern region. At the same time, domestic and international telecommunications and postal services will be actively developed.

## Chapter 15: Commodity Circulation

### Section 1. Circulation of Consumer Goods

It is projected that in 1990 the volume of commodity retail sales will be 646 billion yuan, 50 per cent greater than in 1985, or an average annual increase of 8.5 per cent. Of this total, sales of consumer goods will amount to 574 billion yuan, an increase of 51.5 per cent over 1985, or an average annual growth of 8.7 per cent.

To maintain a basic balance between the supply and demand for consumer goods, we have to do the following. We must ensure the fulfillment of the purchasing and distribution plans for a few farm and sideline products, such as grain, cotton and oil-yielding crops, that are vital to the national economy and the people's daily life. As for those farm products for which the system of unified and fixed state purchase has been abolished, state commercial departments must control their sources to make sure that adequate supplies reach the market. Purchase and supply of manufactured consumer goods must also be carried out properly. Controls must be further relaxed and channels of circulation must be unclogged. State commercial departments must control wholesale marketing of commodities that are in short supply so as to keep prices and the market stable. We must improve the forecasting of market demand and publish timely commercial predictions as guides to production and consumption. We must speed up the development of commercial enterprises. In 1990 we expect to have 25 million of them, including retail stores, restaurants, snack bars and service shops, or double the number in 1985. Fifty million people will be employed in these trades, again nearly twice as many as in 1985. Political and ideological work among them will be enhanced so that they will improve their attitude and offer better services.

### Section 2. Circulation of Means of Production

While improving the overall balance of distribution of important materials and providing guidance for the distribution of other materials, we shall systematically cut back the number of them that are subject to distribution under state plans. We shall thus reduce the proportion of total social resources that is allocated by the state and expand the proportion covered by guidance planning and market regulation. We shall gradually improve the present system, according to which means of production are allocated by the state to administrative departments and regions, and let large and medium-sized cities organize their circulation, thus expanding the market for them. The state will improve the handling of means of production under its direct control. Those enterprises which refuse to accept orders in accordance with the state's distribution and allocation plans, or which fail to deliver goods according to contracts signed with the state, will be called to account and deprived of the right to sell their own products.

### Section 3. Market Management

Registration and licensing will be strictly enforced. Small retailers operating without a business license and corporations and warehouses which have failed to register with the proper authorities will not be tolerated. It is forbidden to raise prices at will or by deceptive means. Illegal practices such as tax evasion, giving short weight and jacking up prices must be stopped. Fake merchandise and products that are inferior in quality or not up to health standards must be removed from the market according to law.

### III. Geographical Distribution and Policy for Regional Economic Development

In developing China's regional economy, we must establish correct relations among the east coast, central and western regions. During the period of the Seventh Five-Year Plan and in the 1990s, we must speed up development in the east coast region, concentrate on building the energy and raw and semi-finished materials industries in the central region, and make active preparations for further development in the western region. We shall co-ordinate the continued advance of the east coast region with the development of the central and western regions, so that all three can support each other and promote each other's progress.

#### Chapter 16: Economic Development of the East Coast Region

##### Section 1. Objectives and Tasks

In the eastern region, the emphasis will be on technological transformation of traditional industries and existing enterprises and on creation of new industries. Knowledge- and technology-intensive industries and consumer goods industries will be developed to turn out advanced, high-grade, high-precision new products. We shall accelerate the development of special economic zones, coastal cities and other areas opening to the outside. These will gradually become our bases for conducting foreign trade, for training senior technical and managerial personnel and sending them to other parts of the country, and for disseminating new technologies and providing information and consultant services throughout the country.

The main tasks are: to raise the technological level of existing industrial enterprises and to upgrade and update their products; to develop energy resources and improve the transport network, so as gradually to ease the shortage of energy and the strain on transport; to expand agricultural production and readjust the structure of rural production; to expand tertiary industry, which serves production and people's daily life, in particular consultant services, banking, insurance and information services and to set up markets for manufactured items of everyday use and for farm and sideline products, as well as trading centres for means of production and for import and export commodities; and to promote tourism.

##### Section 2. Major Policies and Measures

(1) We shall quicken the pace of technological transformation of existing enterprises, with emphasis on those in Shanghai, Tianjin, Shenyang, Dalian and other old industrial cities and bases. At the same time, we shall make the best use of foreign funds from all sources, including Overseas Chinese, to introduce advanced technologies that we can apply and key equipment that we need.

(2) We shall apply the special preferential policies to develop, in a selective and systematic way, the special economic zones and coastal cities and other areas opening to the outside.

(3) We shall curtail the development of industries which consume large amounts of energy, materials and transport capacity of which cause serious pollution by gaseous, liquid or solid wastes.

(4) We shall gradually transfer manufacture of ordinary products to areas having abundant energy resources and supplies of raw and semi-finished materials. We shall promote the manufacture of products that can bring in more foreign exchange earnings through export.

(5) We shall master and assimilate imported advanced technologies, developing and applying them at home.

#### Chapter 17: Economic Development of the Central Region

##### Section 1. Objectives and Tasks

In the central region, we shall speed up the construction of the power engineering, coal mining, petroleum, nonferrous metals, phosphate mining and building materials industries. In the cities and areas that are comparatively well developed, we shall promote knowledge- and technology-intensive industries and new industries. We shall vigorously develop agriculture in order to ensure steady growth in the output of grain and cash crops.

Our major tasks in this region are as follows: we must accelerate the development of the energy and raw and semi-finished materials industries. The target for coal output in 1990 is a minimum of 580 million tons, an increase of more than 20 percent over 1985. For electrical generating capacity the 1990 target is 200 billion kwh, an increase of nearly 40 per cent over 1985. Production capacity for crude oil is to increase by at least 20 million tons in five years. By 1990, the output of steel is to total 16.80-17.85 million tons and that of rolled steel 13.90-14.80 million tons. We must step up the technological transformation of existing enterprises in the machine-building industry, to increase their productive capacity. We must fully realize the potential for increasing agricultural production and establish a number of commodity production bases for grain, soybeans, oil-yielding crops and sugar-yielding crops. Vigorous efforts must be made in afforestation, in the development of animal husbandry and the processing of animal products. We must develop the areas along the middle reaches of the Chang Jiang river, so that they can play an important role in stimulating progress in the western region.

##### Section 2. Major Policies and Measures

We shall appropriately increase investment in the development of the energy and raw and semi-finished materials industries in the central region. We shall try to master and assimilate advanced technologies and managerial expertise introduced from foreign countries and to promote economic ties with the other regions. The central region will receive in a planned way those industries that are to be transferred from the eastern region because they consume large amounts of energy or of raw or semi-finished materials. We shall help to develop local mining industries and step up the construction of transport lines connecting with the eastern region.



## Chapter 18: Economic Development of the Western Region

## Section 1. Objectives and Tasks

In the western region, we shall work to develop farming, forestry, animal husbandry and transport. We shall increasingly exploit energy and mineral resources on a selective basis and promote processing industries where local conditions permit. In cities and areas where the economic and technological level is relatively high, existing enterprises will undertake technological transformation.

The major tasks in this region are as follows:

- to protect land reserved for growing grain, raise per-unit yield and annually reduce the amount of grain imported from other parts of the country;
- to speed up the development of grasslands and pastoral areas, planting more trees and grass so as to improve the ecological environment and facilitate animal husbandry;
- to accelerate the electrification of existing rail trunk lines and the construction of new lines connecting the western region with the other two;
- to build more highways and open up new airline routes to sparsely populated areas;
- to take advantage of the production capacity and high technology of defence industries and speed up the transfer of military technologies to civilian industries, encouraging their widespread use;
- to open up areas for exploiting energy and mineral resources along the middle and upper reaches of the Huang He River and the upper reaches of the Chang Jiang River;
- to develop the Sichuan-Yunnan-Guizhou border area so that it will gradually become a base for the production of energy and raw and semi-finished materials;
- to develop the Urumqi-Karamai region so as to make it an important industrial centre of Xinjiang.

The targets set for the western region in 1990 are: -- electricity: a minimum of 93 billion kwh.; coal: a minimum of 180 million tons; crude oil: a minimum of 8 million tons; steel: 7 million tons; phosphate fertilizers: 500,000 tons; grain: a minimum of 90 million tons; meat: 5.6 million tons; cured tobacco: 700,000 tons; and additional afforested areas: 1.74 million hectares.

## Section 2. Major Policies and Measures

We shall raise the level of general and scientific knowledge of the people of various nationalities so as to train enough personnel for future development. We shall put more effort into general geological surveying and prospecting, so as to obtain data on exploitable mineral reserves and the hydrogeological and engineering-geological data necessary for large construction projects. We shall broaden the scope of co-operation and association with the central and eastern regions and increase exchanges among different areas and districts within the western region. We shall speed up the construction of frontier market towns and expand foreign trade and small-scale trade along the frontiers. We shall continue to give preferential treatment to the western region as in the period of the Sixth 5-Year Plan, and will take fresh measures to accelerate the developments of education and of the transport, energy and mining industries there.



**Chapter 19: Economic Development of Old Revolutionary Base Areas, Areas Inhabited by Minority Nationalities, Frontier Areas and Poverty-Stricken Areas****Section 1. Old Revolutionary Base Areas**

We shall develop transport services to promote the commodity economy in mountainous regions, and we shall build up farming, forestry and animal husbandry there as soon as possible. At the same time, in accordance with local conditions we shall develop aquaculture and processing industries for farm and animal products. Small iron and coal mines and hydropower stations will be built in accordance with local resources. Developed areas should take the initiative in helping the old revolutionary base areas develop economically.

**Section 2. Minority Nationality Areas**

We should take full advantage of the abundant natural resources in these areas. We shall improve conditions for farming and animal husbandry, increase grain output, step up the development of pasture land by planting trees and grass, and gradually create a balanced ecological environment. We shall push forward the development of the energy and raw and semi-finished materials industries and improve transport facilities. We shall promote trade among different nationalities and encourage the production of articles of daily use to meet the special needs of minority peoples. We shall accelerate the construction of educational and cultural facilities in these areas.

**Section 3. Frontier Areas**

We shall work hard to promote farming, forestry, animal husbandry, sideline production and local industries in the frontier areas and foster small-scale trade along the frontiers where conditions permit.

**Section 4. Major Policies and Measures**

The state will continue its policy to provide funds to aid the old revolutionary base areas, areas inhabited by minority nationalities, frontier areas and poverty-stricken areas. It will continue to reduce taxes levied on the people in these four types of areas. We shall also mobilize the appropriate department and units in economically developed cities and areas to give assistance to their counterparts there.

**Chapter 20: Regional Co-operation and Networks of Economic Zones****Section 1. Regional Co-operation**

(1) Plans of regional co-operation should be drawn up so that they can be co-ordinated with the state plan. We shall proceed from the principle of dividing responsibility for regional co-operation between the central and local authorities, the latter having the larger share.

(2) We shall encourage localities and departments to launch joint construction projects which are badly needed by the state. In allocating investment, the state will give special consideration to construction projects in the fields of energy, transport and raw and semi-finished materials.

It is imperative to work out appropriate methods of management and to formulate laws and regulations governing the management of jointly-owned and jointly-operated domestic enterprises.

## Section 2. Networks of Economic Zones

(1) We shall accelerate the formation and expansion of a national network of economic zones. These will include the Shanghai economic zone, the northeastern economic zone, the energy production bases centering around Shanxi Province, the Beijing-Tianjin-Tangshan zone, the southwestern zone (Yunnan, Guizhou and Sichuan Provinces, Guangxi Zhuang Autonomous Region and the Municipality of Chongqing.)

(2) We shall establish a second-echelon network of economic zones linking provincial capitals, designated ports, and cities located along vital communication lines.

(3) We shall establish a third-echelon network of economic zones, with the cities directly under the jurisdiction of provincial governments as centres.

## Section 3. Readjustment and Technological Transformation of Enterprises in the "Third-line Regions" (note 1)

(1) Those enterprises which are rationally distributed geographically, turn out marketable products and have good economic returns should continue to raise their technological level and improve their operations and management.

(2) Those enterprises which are basically successful but are operating under capacity due to shortages of energy, transport, information services etc. should nevertheless make efforts to upgrade their technology and increase their production capacity.

(3) Those few enterprises which are badly located, poorly market-oriented and unable to carry on should undergo readjustment. They should move to other places, convert to the manufacture of other products, amalgamate with other enterprises, suspend operations, or shut down.

## Chapter 21: Urban and Rural Construction

We shall continue to adhere to the principle of controlling the size of large cities, developing medium-sized ones moderately and small ones actively. Thus, we shall prevent overpopulation in large cities but will develop a number of small and selected medium-sized cities. In 1990, we expect there will be at least 400 cities and 10,000 towns.

In this 5-year period new urban housing with floor space totalling 650 million square metres will be completed. Efforts will be made to alleviate acute water shortages in urban areas and to basically meet the needs of county towns throughout the country for drinking water. We shall improve urban transport and build more roads and bridges. We shall rapidly increase gas supplies and central heating systems so that in 1990 an average of 40 per cent of urban households will use gas for cooking, and more housing -- a total floor space of 50 million square metres -- will have central heating. We shall improve the environment by planting trees and grass and having better sanitation. In 1990 the tree- and grass-covered area will be four square metres per capita.

During the period of the Seventh Five-Year Plan new houses to be built in the rural areas will total 3 billion square metres in floor space. More factories and public facilities will be constructed in villages and towns.

## Chapter 22: Land Use and Conservation of Soil

The major tasks are: to work out plans for the use of land and for soil conservation; to undertake general surveys and studies of our land resources; to take comprehensive measures to control selected major rivers; to improve the water supply in north China and in some of the coastal cities; to improve water and soil conservation, preserve and increase the fertility of soil and prevent or control desertification; to tighten control over land use and prevent the use of arable land for non-agricultural purposes; to speed up exploitation of mineral resources and ensure their rational utilization; to encourage the all-round development of mountainous regions; to plant more trees and grass and expand forest coverage; to intensify the surveying, exploitation and control of marine resources; and to improve surveying and mapping services.

## IV. Development of and Policies for Science and Technology

## Chapter 23: Development Strategy for Science and Technology

1. We shall promote those scientific and technological innovations which promise the best and fastest results and put them into wide use. We shall apply new technology to improve traditional industries, techniques and products and step up the diffusion of such technology, so as to raise the production and technological levels of the whole society. We shall apply all kinds of scientific and technological achievements at different levels, to improve economic efficiency.
2. We shall concentrate on tackling key problems, achieving results in major scientific and technological research projects and applying these results to production and construction.
3. We shall work hard to develop new and advanced technology, especially micro-electronics, information technology and new materials.
4. We shall make a better use of advanced technology introduced from abroad in our domestic scientific and technological research.
5. We shall intensify applied and basic research, thus preparing the necessary scientific and technological basis for long-term development.

## Chapter 24: Application and Dissemination of Scientific and Technological Achievements

During the period of the Seventh 5-Year Plan, the state is to undertake 100 pilot projects in key industries and another 100 projects that will enable us to master and apply the technologies of modular sets of equipment and to develop, disseminate and apply technologies for the manufacture of new products. At the same time, with a view to reinvigorating local economies, the state plans to carry out a "spark programme" consisting of scientific and technological demonstration projects for township enterprises. All the above projects will be chiefly designed:

-- to develop fine strains and breeds for farming, forestry, animal husbandry and fishery, and to disseminate techniques for producing high-yield varieties and for improving processing.

-- to develop new, high-quality matching sets of products of the textile industry and other light industries, emphasizing the production of foodstuffs, clothing and durable consumer goods.



-- to develop key technologies and manufacture key equipment needed in the energy, transport, communications, and raw and semi-finished materials industries.

-- to demonstrate the transformation of traditional technologies and promote the extensive application of micro-computers.

In order to accelerate the wide application of scientific and technological innovations, a number of workshops and production lines will be set up for experimentation and demonstration. Assistance will be provided to key research institutions, workshops, production lines and research bases with modern facilities will be established to undertake pilot-scale experiments. Ties will be strengthened between different departments, between different regions and between scientific research institutions and production enterprises. Payment will be made for transfers of technology.

#### Chapter 25: Tackling Key Scientific and Technological Projects

During the period of the Seventh 5-Year Plan, the state will give priority to 76 major scientific and technological research projects, divided into 349 sub-projects. The subjects of this research will include major new technologies and equipment, important new products, new areas of technology, soil conservation and social development.

To be successful in this research, we must adopt the following policies and measures: co-ordinate the plans for research programmes with the plans for technological transformation and the introduction of new technologies, and pool the energies of all sectors involved for joint research; work out overall plans for scientific and technological research projects, and ensure that the results are applied in production; introduce a system of different ways of administering funds for different categories of key projects and of partial repayment of funds invested in them; and experiment with public bidding.

#### Chapter 26: Basic Research

During the period of the Seventh 5-Year Plan and for some time thereafter, basic research will focus on projects which have the greatest potential for opening up new areas of technology and for the research of other technologies; projects which help to fully exploit China's natural resources; and those which will have an important impact on the development of science and technology.

A state natural science fund will be established to support basic research. With help from the state, 50 key laboratories will be established which will be open to the public.

#### Chapter 27: Research in Philosophy and Social Sciences

In research in the social sciences, we shall devote more effort to the study of the basic theories of Marxism-Leninism and to the study of major problems relating to the strategy for economic, scientific, technological and social development and the economic structural reform with focus on the cities. We shall try to achieve the best possible results, at the same time, we shall intensify studies in new branches of social sciences and in frontier sciences, so as to enrich research in this field.

## V. Development of Education and Relevant Policies

## Chapter 28: Elementary Education

We shall gradually introduce a system of 9-year compulsory education. In cities, developed areas in the coastal provinces and a few developed interior areas, the population is about one quarter of the total in the country. In those areas we shall make primary school education universal (in the few counties and townships where this has not yet been done) and make junior middle school education universal as well, while ensuring its quality. In the less developed towns and rural areas, where nearly half of our people live, we should give priority to making primary school education universal, ensure its quality and prepare to add another three years during the period of the Eighth 5-Year Plan. In economically backward areas, where the remaining quarter of the population lives, we shall spread elementary education to the extent possible. We shall work hard to develop pre-school education and to eliminate illiteracy among young and middle-aged adults.

## Chapter 29: Vocational and Technical Education

To readjust the structure of middle school education, while continuing to operate regular senior middle schools well, we shall expand the number of vocational and technical schools, gradually forming a system of vocational and technical education with Chinese characteristics. In 1990, student enrollment in all types of full-time, secondary vocational and technical schools will be 3.6 million, an increase of 65 per cent over 1985. A total of nearly 10 million students will be graduated in the five years, 110 per cent more than in the period of the Sixth 5-Year Plan.

## Chapter 30: Regular Higher Education

We shall continue to readjust the range of disciplines and undergraduates and postgraduate studies of institutions of higher education, and to improve the teaching conditions of existing schools and the quality of instruction. In 1990, 750,000 students will enter regular or special undergraduate programmes offered by various types of full-time institutions of higher education, an increase of 21 per cent over the 1985 figure, while 55,000 will be admitted to postgraduate programmes, an increase of 17 per cent over 1985. During the five-year period, at least 2.6 million students will be graduated from institutions of higher education, and 180,000 will complete postgraduate programmes.

While carrying out reform in the management system of education, the state will expand seven universities. It will strengthen certain key disciplines and equip a number of research laboratories and experimental stations. Government departments and localities should give priority to assisting those institutions and faculties that are affiliated with them. Certain institutions of higher learning which have good teaching and scientific research personnel and facilities and have more key disciplines will be turned into centres for research as well as education.

## Chapter 31: Adult Education

In this five-year period, institutions of adult higher education will provide the state with 2.1 million specialists having qualifications at or above the level of college graduates. This is two and a half times the number graduated during the period of the Sixth 5-Year Plan. There will also be considerable development in adult secondary vocational and technical education.

In all forms of adult higher education, we shall continue to combine theoretical study with practice and to work for actual results and better quality. We shall prevent schools from claiming higher status than their curriculum warrants and students from blindly seeking after diplomas and certificates.

#### Chapter 32. Major Policies and Measures for the Development of Education

We shall streamline administration and delegate more power to lower levels, so as to eliminate excessive and rigid state control over schools at all levels. Through experiments of selected locations, we shall gradually put into practice a management system under which institutions of higher education will be run by key cities. Educational legislation will be reinforced and a comprehensive system of evaluation and supervision will be gradually established. Institutions will not be allowed to claim higher status than their curriculum warrants. We shall run teacher training schools and colleges well and build up a contingent of dedicated teachers. Educational appropriations by central and local governments will rise faster than their revenues from regular items, and the average educational outlay per student will also increase steadily. We shall expand access to education through such means as radio and television. All institutions and schools should strengthen ideological and political work. They should implement the policy of promoting the moral, intellectual, physical and aesthetic development of their students so as to help the students to become better educated workers in socialist construction, men and women of moral integrity who observe discipline and cherish lofty ideals.

#### VI. Foreign Trade and Technological Exchange

##### Chapter 33: Import and Export

##### Section 1. Scale and Structure of Import and Export

In the five-year period, the total volume of import and export will grow at an average annual rate of 7 per cent, reaching U.S. 83 billion by 1990. Export will grow at a rate of 8.1 per cent and import at a rate of 6.1 per cent.

We shall continue to increase exports of petroleum, coal, non-ferrous metals, grain, cotton, etc. In addition, we shall gradually increase the proportion of manufactured goods in the total volume of export.

So far as imports are concerned, priority will be given to computer software, advanced technologies and key equipment, as well as to certain essential means of production that are in short supply on the domestic market.

##### Section 2. Policies for Increasing Foreign Exchange Earnings Through Export

We shall establish an integrated system for the production of export commodities and enhance our capacity to earn foreign exchange through export. In organizing production, in supplying funds, raw and semi-finished materials, fuel, power and packing materials, in assisting technological transformation and in providing transport services, we shall always give priority to export commodities. We shall encourage initiative in the production of export commodities by applying economic levers. The quality of export commodities must be improved, so as to make them more competitive in the world. We shall conduct investigations and study international markets and improve sales promotion and services. We must expand trade ties with all other countries and regions and make active efforts to open up new markets. We must faithfully observe contracts and deliver commodities on time, so as to maintain a good reputation in the world market.



### Section 3. Management of Import and Export

To promote foreign trade we shall continue to reform the system by which it is managed. For some time to come, our most important task will be to strengthen macroeconomic control and the management system, and to regulate import and export by increased use of such economic levers as exchange rates, customs duties, taxation and export credits, to be supplemented with administrative means when necessary. As the macroeconomic management system gradually improves, we shall delegate more decision-making power to government departments and local authorities and, in particular, to enterprises engaging in export, in order to encourage them to expand foreign trade.

### Chapter 34. Use of Foreign Funds and Introduction of Advanced Technology

#### Section 1. Use of Foreign Funds

In using foreign funds, we shall give first priority, to construction projects in such areas as energy, transport, communications and raw and semi-finished materials, and especially to projects for power generation, port facilities and the petroleum industry, and also to the technological transformation of the machine-building and electronics industries. We shall give second priority to projects that will increase our ability to earn foreign exchange through export and to produce substitutes for imports.

To use foreign capital effectively, we shall diversify the areas in which it is used, further improve the laws and regulations concerning foreign nationals and firms, and make investment more attractive to foreigners. Macro-control over the use of foreign funds will be improved so as to increase economic results and social benefits.

#### Section 2. Introduction of Foreign Technology and Expertise

In introducing foreign technology, we shall give priority to the transformation of existing enterprises. First we shall import technology and equipment that will help increase our capacity to export and to produce substitutes for imports.

We shall enhance our co-operation with foreign engineers and technicians and invite foreign experts to China to advise and consult with us.

### Chapter 35: Special Economic Zones, Coastal Cities and Other Areas Opening to the Outside World

Under the guidance of the state plan, these cities and areas should systematically carry out construction and development with emphasis on key projects. We shall continue to apply special policies and flexible measures in Guangdong and Fujian Provinces.

In the special economic zones of Shenzhen, Zhuhai, Shantou and Xiamen, we shall make greater efforts to improve the existing infrastructure and develop supporting industries for projects that use foreign capital. We shall concentrate on completing construction in those areas where development has already begun, gradually building an export-oriented economy that is based on industry and advanced technology and earns foreign exchange through export.

The 14 open coastal cities and Hainan Island should, in the light of their own conditions and characteristics, exploit their advantages to introduce investment from abroad and establish lateral ties at home. In this way they will systematically expand economic and trade relations with other countries and technological exchanges with them. In planning new areas for economic and technological exchanges with them. In planning new areas for economic and technological development, the open coastal cities should adhere to the principle of expanding gradually and only in accordance with their capacity, so that each new undertaking will be successful and profitable.

In the open areas such as the Chang Jiang River and Zhu Jiang River deltas and the triangular area in southern Fujian Province, we shall gradually build an economic structure in which agriculture serves processing industry and processing industry serves trade. In these areas we shall rely on technological transformation and the introduction of advanced technologies to expand export and earn more foreign exchange.

#### Chapter 36: Contracted Projects in Foreign Countries, Sending Labour Abroad and International Aid

In carrying out projects abroad and supplying labour to foreign countries, we shall continue to abide by contracts, ensure quality, seek small profits and act in good faith, so that the work in this field will expand. We shall strive to improve our management of these projects and to open up new areas of business.

By acting on the principles of equality and mutual benefit, stress on practical results, diversity of forms and common progress, we shall continue to do our work well in offering or receiving aid.

#### Chapter 37: Tourism

To increase foreign exchange earnings and promote friendly contacts between people of different countries, we must expand our tourist industry. We plan to receive 5 million tourists from abroad in 1990.

Under unified state planning, we shall mobilize all quarters to develop the places of interest to tourists. We shall speed up the training of people engaged in the tourist industry and expand production and sale of tourist commodities.

#### Chapter 38: Foreign Exchange Receipts and Payments

We must try to increase foreign exchange earnings and economize on their use, maintaining a basic balance and keeping necessary reserves. We shall tighten centralized control over foreign exchange and foreign loans, rationally readjust the spending of foreign exchange and vigorously enforce discipline in this regard.

### VII. Investment Pattern and Policies

#### Chapter 39: Readjustment of Investment Pattern

1. Of total investment in fixed assets for state enterprises and institutions, funds spent for equipment renewal and technological transformation will increase from 27.9 per cent in the period of the Sixth 5-Year Plan to 30.8 per cent. Of total investments in capital construction for state enterprises and institutions, funds spent on renovation and expansion will grow from 56 per cent to 57 per cent.

2. Of total investment in capital construction for state enterprises and institutions, Funds spent on energy, transport and communications will increase to 37.4 per cent as against 34.4 per cent during the period of the Sixth Five-Year Plan.

3. With the exception of necessary tourist facilities, we shall cut back on non-productive construction projects, such as office buildings, exhibition halls and centres of all kinds. Housing will be built at a controlled pace. An appropriate ratio between investment in non-productive and productive construction will be maintained.

4. So far as geographical distribution of investment is concerned, priority will be given in the eastern region to technological transformation, renovation and expansion of existing enterprises, in the central region to the construction projects of the energy and raw and semi-finished materials industries, and in the western region to active preparation for development.

#### Chapter 40: Capital Construction Investment in Different Sectors

The total amount of investment in capital construction for state enterprises and institutions -- 500 billion yuan -- will be distributed as follows:

1. Funds to be allocated to the central departments will come to 375 billion yuan, which breaks down as follows: energy industry: 117.66 billion yuan, or 23.5 per cent of total investment, as against 22.4 per cent in the period of the Sixth 5-Year Plan; transport industry: 56.82 billion yuan, or 14.8 per cent of total investment, as against 12 per cent in the period of the Sixth 5-Year Plan (calculated in terms of the comparable factors); raw and semi-finished materials industries: 78.27 billion yuan; machine-building and electronics industries: 9.4 billion yuan; agriculture, forestry, water conservancy and meteorology: 14.68 billion yuan; textile and other light industries: 10.84 billion yuan; science, education, culture and public health: 9.98 billion yuan; commerce, foreign trade, banking, commodity inspection and customs: 6.45 billion yuan; defence industry, including scientific research defence and military engineering projects: 20.35 billion yuan; other sectors of the economy: 50.55 billion yuan.

2. Funds to be allocated by local authorities will total 112.5 billion yuan.

3. Investment in the four special economic zones in Guangdong and Fujian Provinces and in a nuclear power station in Guangdong will amount to 12.5 billion yuan.

Nine hundred and twenty-five large and medium-sized capital construction projects will be undertaken during the period of the Seventh 5-Year Plan. Of these, 350 will be projects started from scratch and projects for renovation or expansion of existing facilities. Four hundred and fifty projects will be completed and put into operation.

#### Chapter 41: Technological Transformation

Total investment in technological transformation and equipment renewal for state enterprises and institutions over the 5-year period will be 276 billion yuan, an 87 per cent increase over investment during the period of the Sixth 5-Year Plan.



Six hundred major projects for technological transformation will be launched. They will be carried out mainly in the following types of enterprises: (1) large and medium-sized key enterprises which are leaders in production technology and managerial skills and which, after the transformation, will reach or even go beyond the level of the advanced countries and thus serve as models; (2) old enterprises which are vital to the national economy as a whole but which are technologically backward; and (3) enterprises which are responsible for earning foreign exchange and which have potentialities for export. In carrying out technological transformation of such enterprises, our goals should be the following: to improve economic performance, enhance product quality, economize on energy, reduce consumption of raw and semi-finished materials, develop new products, expand manufacture of high-quality brands and of products that are in short supply, improve occupational safety and welfare and control environmental pollution.

The machine-building and electronics industries should start technological transformation first.

#### Chapter 42: Control Over Investment in Fixed Assets

To improve economic returns on investment, we must restrict the scale of investment in fixed assets, especially that in capital construction. We must reassess the projects that are already under construction and tighten control over new ones, so that all projects will gradually proceed according to a rational construction cycle. We shall introduce various forms of the responsibility system in investment and promote different types of bidding for the design and construction of projects and competition among localities to attract such projects.

### VIII. Objectives and Tasks of Economic Structural Reform

#### Chapter 43: Tasks and Stages of the Structural Reform

In economic structural reform, during the period of the Seventh 5-Year Plan we shall concentrate on the following three interrelated tasks:

1. to further invigorate enterprises, especially large and medium-sized state enterprises, so that they become relatively independent economic entities, socialist commodity manufacturers and dealers with full authority for their own management and full responsibility for their own profits and losses;
2. to further expand the socialist commodity market and gradually improve the market system;
3. to gradually shift state control of enterprises from direct to indirect means, in order to establish a socialist macroeconomic control system. To regulate economic operations by gradually improving economic and legal means, administrative means being used only as a supplement when necessary.

Bearing these three tasks in mind, we shall restructure the planning, pricing, financial, monetary, labour and wage systems, so as to gradually develop a whole set of mechanisms which will integrate planning with marketing, microeconomic flexibility with macroeconomic control.

To fulfill the above-mentioned tasks and lay the foundations of a new economic structure, we shall carry out the reform in three stages. In the first stage, that is, during the next year or two, we shall continue to invigorate enterprises, especially large and medium-sized ones, and to expand lateral economic associations while strengthening indirect macroeconomic control. In the second stage, we shall develop the socialist commodity market by gradually reducing the scope of mandatory planning, reforming the pricing system and the price control system for means of production, improving the taxation system and reforming the financial and monetary systems. In the third stage, we shall establish a new organizational structure appropriate to the new economic structure, continue to solve the question of subordination of enterprises to proper authorities, remove the barriers between departments and between regions, eventually separating the functions of government from those of enterprises.

#### Chapter 44: Invigorating Enterprises

1. We shall further streamline government administration and delegate more power to lower levels. Except for a few special government departments and industries, no ministries, provinces or autonomous regions will exercise direct control over enterprises. City government functions must be separated from those of enterprises so that enterprises will become relatively independent socialist commodity manufacturers and dealers with full authority for their own management and full responsibility for their own profits and losses.
2. While continuing to consolidate different forms of the economic responsibility system, the large and medium-sized state enterprises should decentralize their accounting procedures to increase the responsibility of lower echelons. Some small enterprises may be contracted or leased to collectives or individuals for management.
3. An economic environment will be created in which enterprises of all kinds can compete on a more or less equal basis.
4. The leadership structure of enterprise will be improved. We shall gradually introduce a system under which the director or manager will assume full responsibility in order to give free rein to his initiative and enterprising spirit.
5. Lateral economic ties between enterprises will be promoted so that associations of enterprises will gradually take shape.

#### Chapter 45: Development of the Socialist Market System

##### Section 1. Gradual Improvement of the Market System Under Guidance Planning

We shall continue to expand the consumer goods market. As regards the circulation of commodities, we shall try to develop lateral connections between urban and rural areas, between regions and between cities. We shall gradually reduce the variety and proportion of means of production that are under unified state distribution so as to expand the market for them. We shall also open up and expand the markets for funds and technology and encourage a rational flow of labour.

## Section 2. Reform of Pricing and Price Control Systems

Taking into full account the capacity of the state, enterprises and the people to withstand the strain of reform, we shall work steadily to establish a pricing system which better reflects value and the relations between supply and demand. We shall also introduce a commodity price control system under which some prices are set by the state, others are fixed under state guidance and still others are regulated by the market.

1. Except for a few major items whose prices will continue to be fixed by the state, price controls on consumer goods will be gradually relaxed and prices allowed to fluctuate according to supply and demand.
2. As for means of production, we shall combine relaxed price control with price readjustment. We shall reduce the proportion of products whose prices are set by the state and gradually readjust planned prices on important materials so as to narrow the gap between planned prices and market prices.
3. The fees charged by certain major public utilities and service trades will remain under state control and will be readjusted in a planned way. Price control in the other service trades will be gradually relaxed.
4. We must strictly control the scope and extent of chain-reaction price rises. We shall enforce discipline concerning prices, strengthening control and supervision.

## Chapter 46: Improving Macroeconomic Control

1. We shall gradually shift the emphasis in our planning from direct control to indirect but more comprehensive control, chiefly using economic policies and measures to regulate the macroeconomy.
2. We shall introduce new, reasonable tax categories and readjust tax rates. With regard to tax categories, a distinction must be drawn among taxes which go to the central government, those which belong to local governments and those to be shared between the two. The introduction of reasonable categories and the readjustment of rates should serve the readjustment of the industrial structure and create conditions that will allow enterprises to compete with each other on an equal footing. Expenditures which are to be made by the central government should be distinguished from those for which local governments are responsible, so that each will manage its own financial affairs.
3. The People's Bank of China must exercise effective control over the amount of currency issued and the volume of credit through planning, policies and administrative management and by such regulatory means as credit, interest rates, and foreign exchange rates and reserves. Specialized banks should develop into enterprises, financially independent entities responsible for their own operations.

At the same time, we shall reform the wage system, improve economic legislation and supervision, establish economic information networks and gradually readjust the structure of government departments responsible for economic management.



## IX. People's Life and Social Security

## Chapter 47: Population

At the end of 1990 China's total population should not exceed 1.113 billion. We shall continue to attach great importance to family planning and make every effort to ensure its success.

## Chapter 48: Employment

## 1. Employment in rural areas

We shall continue to encourage peasants to leave the land but not the village, drawing surplus labour out of agriculture by developing forestry, animal husbandry, fishery and township enterprises.

## 2. Employment in cities and towns

Within these five years jobs will have to be found for some 30 million people. We should explore all possibilities of employment, especially in collective and individual production, and develop tertiary industry, so that by the end of 1990, we will have basically full employment in cities and towns. We shall gradually improve working conditions for workers and other employees. We shall take measures to ensure health and safety in the workplace, reducing the incidence of injury, death and occupational disease.

## Chapter 49: Personal Income and Patterns of Consumption

## Section 1. Personal Income

It is anticipated that in 1990, average per capita net income of peasants will be 560 yuan, an increase of 41.1 per cent over the 1985 figure of 397 yuan. We expect that in 1990 total wages of workers and other employees will be 190 billion yuan, 54.5 billion more than in 1985. This figure represents an average annual growth rate of 4 per cent. With regard to distribution of income, we shall continue to follow the principle of distribution according to work and to encourage some areas, enterprises and individuals to become prosperous first. We shall lay stress on overcoming egalitarianism but at the same time guard against excessive gaps in income.

## Section 2. Patterns of Consumption

We expect that during the period of the Seventh Five-Year Plan patterns of consumption will change in the following ways: of total personal expenditure, the proportion that goes for food will decrease from 58 per cent in the period of the Sixth Five-Year Plan to 55 per cent, and the proportion that goes for fuel will drop from 4 per cent to 3 per cent. The amount spent on articles for use will rise from 13 per cent to 15 per cent and the amount spent on housing will rise from 8 per cent to 10 per cent. Expenditures for clothing will remain stable at 12 per cent and those for cultural and recreational activities and everyday services will rise from 4 per cent to 5 per cent. These goods and services will be available in greater variety and better quality.

### Section 3. Policies and Measures for Guiding Consumer Choices

During the period of the Seventh Five-Year Plan and beyond, the diet of our people cannot improve very quickly, and there can be only a gradual increase in the consumption of meat, poultry and eggs. With respect to clothing, people will be encouraged to wear garments made of cotton, synthetics and blends, since consumption of woollen fabrics and leather products can be increased only to a limited extent. We shall increase supplies of electrical appliances that lighten household chores, make everyday living more convenient and enrich cultural life, but tighten control over production of air conditioners and combination heater/air conditioners, which consume large amounts of electricity. Urban residents will continue to use buses and bicycles as their chief means of transport, and production of motorcycles will be strictly controlled. In urban housing construction, we shall prohibit the building of large or luxurious flats. As for rural housing construction, we shall try to be economical in our use of land and especially to use little or no arable land.

## Chapter 50: Public Health and Physical Culture

### Section 1. Public Health Service

- (1) We shall continue to promote preventive medicine and health education. By 1990, safe drinking water will be available for 80 per cent of the rural population, and over 85 per cent of the total population will have received inoculations.
- (2) We shall build more key hospitals. During the period of the plan we shall increase the number of hospital beds by 400,000. The state will allocate funds to build 16 general hospitals, each specializing in one or more branches of medicine, and two modern hospitals with advanced equipment and techniques.
- (3) We shall develop traditional Chinese medicine, especially by establishing centres for research in Chinese pharmacology. We shall increase the number of institutions, hospitals and hospital beds for traditional Chinese medicine, so that most cities and counties will have a hospital or clinic where it is practised.
- (4) We shall train more professional health workers. During the period of the plan, their number will increase by 770,000, of which 560,000 will be doctors trained in both traditional Chinese and Western medicine.
- (5) We shall step up medical research, concentrating on key projects for the study of the cause, prevention and treatment of common illnesses.
- (6) We shall establish a state system of food and medicine control.

### Section 2. Medicines

In the pharmaceutical industry, we shall adhere to the principle of quality first. We shall make medicines more effective, readjust the industry's product mix, and strengthen pharmacological research, trying to open up new areas of service.

### Section 3. Physical Culture

We shall build up our ranks of athletes and popularize sports so as to improve the health of the entire nation. The state will build a number of major sports facilities; local authorities will also build some in accordance with local conditions.

## Chapter 51: Social Security

During the period of the Seventh Five-Year Plan, we shall try to gradually put in place a socialist social security system with Chinese characteristics. We shall establish the social insurance system, promote social welfare undertakings, continue to give preferential treatment to families of servicemen and revolutionary martyrs and provide relief to the needy. Social security funds will be raised through various channels. We must reform the social welfare management system, integrating socialized administration with work unit administration, but emphasizing the former. We shall continue to foster the fine tradition of mutual assistance among relatives, friends and neighbours.

## Chapter 52: Environmental Protection

## Section 1. Basic Tasks

By 1990, 50 to 70 per cent of major industrial pollutants will have been reduced to state-mandated emission levels. Measures will be taken to maintain the water quality of rivers, lakes, reservoirs and offshore waters. We shall make every effort to protect the environment in the major cities, to protect the rural environment and to preserve the ecological balance.

In carrying out technological transformation, renovation or expansion, enterprises should make the disposal of pollutants a prime consideration. In constructing new projects, we must see to it that pollution control is built into every stage of design, construction and operation. We shall encourage the multipurpose use of material resources and stop within a given time limit the manufacture of products that causes serious pollution. Pollution-monitoring networks will be established in cities and nationwide. We shall improve statutes and standards on environmental protection, promote public education in this field and organize relevant scientific research.

## X. Building a Socialist Society That Is Culturally and Ideologically Advanced

## Chapter 53: Cultural Undertakings

In promoting cultural undertakings, we shall adhere to the principle of serving the people and the socialist cause. We shall take into consideration both economic gains and social impact, giving greater weight to the latter.

## Section 1. Literature and Art

Writers and artists should try to create works of strong ideological content and high artistic value. They should immerse themselves in the lives of the people and create works of quality that reflect the current economic reforms and the drive for modernization. To enrich people's lives, literature and art must flourish. This includes novels, poems, plays, operas, music, dance, traditional performing arts, acrobatics, painting, sculpture, photography, and so on. All professional troupes should restructure their system of management.

## Section 2. Film, Radio and Television

The film industry will make every effort first to improve the quality of its products, then to increase production. Similarly, the radio and television industries will concentrate on programming quality and gradually increase their air time. It is expected that by 1990, radio broadcasting will reach 80 per cent of the population and television broadcasting 75 per cent.



### Section 3. Press and Publications

The press and publishing industries should publicize and correctly explain the party's line, principles and policies and should propagate Marxism-Leninism and Mao Zedong Thought. At the same time, they should disseminate all kinds of knowledge -- general, scientific and technological -- that is useful for the country's economic and social development, and a wide range of information.

It is expected that in 1990, a total of 79.3 billion standard sheets of paper will be printed, an increase of 26.8 billion over 1985. These will include 50,000 book titles making a total of 9 billion volumes, 3.2 billion copies of periodicals and 28.6 billion standard sheets of newspaper.

### Section 4. Cultural and Historical Sites, Museums, Libraries and Archives

By 1990, China will have about 700 major cultural and historical sites under protection. Those which are the responsibility of the central government or of provincial governments will be renovated a few at a time, according to a planned schedule, to protect them from weather and natural disasters. Two of our most important projects will be to build the Shaanxi Historical Museum and the Museum of the War of Resistance Against Japanese Aggression. By 1990, except in a few areas, every city and county will have at least a small library. We also plan to build more repositories for archives.

### Section 5. Cultural and Recreational Centres

To enable the people to enjoy more leisure activities, collectives and individuals should pool their resources to build more cultural and recreational centres. County cultural centres should be renovated, including the practice rooms, office space for staff and other facilities. Township cultural stations should also be improved and expanded. We shall particularly promote cultural undertakings in areas inhabited by minority nationalities.

### Section 6. Cultural Exchange With Foreign Countries

We shall promote contacts and exchange with troupes of foreign performing artists and individuals working in literature and art, radio, film, television, the press and publications, especially with those in Third World countries and in other key regions.

### Chapter 54: Ideological and Political Work

1. We shall regularly educate the cadres and masses on current situation and our policies, so that they will understand and implement the major principles, policies and measures of the state. We shall also encourage them to cherish lofty ideals, observe discipline, uphold social morality and professional ethics and resist corruption by capitalist and feudal ideologies.
2. We shall build up our contingent of ideological and political workers and steadily raise their political quality and professional competence.
3. Cadres at all levels are expected to set an example by their fine style of work.
4. We shall constantly broaden the campaign to promote the "five things to emphasize, the four things to beautify and the three things to love" (note 2) and to create units that are models of these virtues.

5. We shall commend and honour heroes, model workers and advanced individuals and collectives.

#### Chapter 55: Socialist Democracy and the Socialist Legal System

We shall continue to strengthen socialist democracy and improve the socialist legal system, and to integrate them so that socialist democracy is institutionalized and written into law.

Administrative statutes will be drawn up in accordance with the provisions of the Constitution and of law so as to gradually institutionalize state administration. Government functionaries are expected to act strictly in accordance with the law, to overcome bureaucratism, eliminate all corruption and safeguard the legitimate rights and interests of citizens. The judicial departments should provide various legal services for economic construction and other undertakings. An understanding of the concept of legality and basic knowledge of the laws will be disseminated among all citizens. Departments of public security, state security organs and the judiciary will strengthen their work.

#### Chapter 56: Public Order

We shall further reform and strengthen the work of the public security and judicial organs. We shall continue to mobilize all sectors of society to bring about a fundamental turn for the better in the standards of social conduct and in public order and security.

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(Note 1) "Third-line regions" is the term used to refer to the vast strategic interior regions of China. In view of the need to prepare for the possibility of war, in the early 1960s the Central Committee of the Chinese Communist Party and Mao Zedong proposed that the different regions of China be classified into first, second and third lines according to their respective strategic importance. -- tr.

(Note 2) The "five things to emphasize" are: behaviour, civility, hygiene, discipline and morals; the "four things to beautify" are: thoughts, words, deeds and the environment; and the "three things to love" are: the motherland, socialism and the Chinese Communist Party. -- tr.

JIANGSU'S CHANGSHU MERGES URBAN, RURAL AREAS

HK170145 Beijing RENMIN RIBAO in Chinese 9 Apr 86 p 1

[Report by Zhu Liang [2612 0081] and He Dongsheng [0149 2639 3932]: "Jiangsu's Changshu City Persists in Reform, Merges Urban and Rural Areas Into a Single Whole" -- capitalized passages published in boldface]

[Excerpts] Changshu City, Jiangsu Province, is carrying out in-depth, comprehensive economic restructuring and merging its urban and rural areas into a single whole. As a result, the superiorities of the urban and rural areas have been brought into full play and a new situation of sustained, stable, and coordinated development has emerged in industrial and agricultural production. Last year, total output value of the whole city exceeded 4.2 billion yuan, 34.7 percent higher than that in 1984; national income amounted to 1.56 billion yuan, topping that in 1984 by 31.6 percent; fiscal income was approximately 260 million yuan, surpassing that in 1984 by 36 percent; and rural per-capita income was 655 yuan, showing a net increase of 31 yuan as against that in 1984.

Over the past 3 years, especially in 1985, the Changshu City CPC Committee and government adopted a series of measures to reform the former situation in which the urban and rural areas were independent of and impeded each other.

CHANGE THE OLD CONCEPT OF ATTACHING GREATER IMPORTANCE TO URBAN AREAS THAN RURAL AREAS, AND PUT THE URBAN AND RURAL ECONOMIES UNDER UNIFIED MANAGEMENT. In 1984, the Changshu City CPC Committee and government, proceeding from the improvement of the economic management system in various trades and departments, reformed the management system detrimental to the merger of urban and rural areas and drew a unified plan for and exercised all-round supervision over the industrial and economic enterprises at the city, township, and village levels. Last year, they did a great deal of work to improve the management system, effectively eliminating the situation in which each enterprise acted in its own way and set its own rules and narrowing the differences between rural and urban industrial enterprises in methods of production and management and the quality of products. The production of the rural enterprises was brought into the orbit of the socialist planned commodity economy.

CHANGE THE OLD CONCEPT OF ORIENTING PRODUCTION TOWARD LOCAL MARKET AND SECLUDING LOCAL ENTERPRISES FROM THE OUTSIDE, AND STRENGTHEN THE FORMATION OF HORIZONTAL LINKS IN THE COMMODITY ECONOMY. In the whole city, more than 1,500 rural enterprises have established economic and technological relations with the urban areas. The industrial enterprises under the city authorities have rendered services regarding technology, equipment, and information, and the rural areas have established close links with these enterprises by offering their land, manpower, and funds, so that they complement each other and develop their advantages while avoiding their shortcomings. As a result, the urban industrial enterprises have upgraded their equipment and turned out better products and the rural industrial enterprises have also flourished.

CHANGE THE OLD CONCEPT OF NEGLECTING COMMODITY EXCHANGE AND WIDEN THE CHANNELS OF COMMODITY CIRCULATION IN URBAN AND RURAL AREAS. Last year, Changshu City took a broad step forward in reforming the system of commodity circulation and improving the relations between the urban and rural areas and the relations of the agricultural departments with the industrial and commercial departments.



First, it reformed the supply and marketing cooperatives by shifting them from "management by the government" to "management by the people," improved the rural companies engaged in multiple undertakings and services, and set up farm and sideline product purchase and marketing departments in various villages and townships. Second, it established a number of special and trade fairs, such as the industrial products trade center; the animal, poultry, and egg trade center; and the vegetable and fruit trade center. Third, it established businesses jointly operated by industrial and commercial enterprises and directly linked production with marketing. Fourth, while bringing the role of the state-run and collectively-run commercial enterprises into full play as the main channels of commodity circulation, it actively led the peasants in entering the sphere of commodity circulation.

#### SHANGHAI'S RUI XINGWEN ON PUBLIC SECURITY

OW111317 Shanghai City Service in Mandarin 0100 GMT 11 Apr 86

[Text] A Shanghai municipal public security meeting opened on 7 April. Yesterday, Rui Xingwen, secretary of the Shanghai Municipal CPC Committee, attended the meeting and addressed delegates and over 1,000 police cadres of various law enforcement and public security departments on how to transform Shanghai into an open, multifunctional, socialist, and modern city.

In his speech, Rui Xingwen reaffirmed the achievements made by Shanghai policemen and public security and law enforcement cadres in maintaining public order, saving people's lives, protecting people's property, and safeguarding economic construction. He also called on public security organizations at all levels to strengthen themselves organizationally and to become faithful supporters of the state and the party cherished by the people and feared by enemies.

At the meeting, (Li Xiaohang), director of the municipal Bureau of Public Security, conveyed the guidelines set forth by the national meeting on political science and law and the meeting of directors of public security bureaus and departments, and outlined this year's task in public security for Shanghai.

Also attending the meeting were Shi Zhusan, secretary of the Political Science and Law Committee under the municipal CPC Committee; Wang Jian, vice chairman of the Standing Committee of the municipal People's Congress; and responsible persons of law enforcement departments in the municipality.

SHENZHEN CPC SECRETARY DISCUSSES ZONE'S INDUSTRY

HK171005 Beijing ZHONGGUO XINWEN SHE in Chinese 1402 GMT 11 Apr 86

[Text] Beijing, 11 Apr (ZHONGGUO XINWEN SHE) -- Recently there have been many comments, either favorable or critical, on the situation in the industrial development of the Shenzhen Special Economic Zone. How should we look at these opinions? This reporter brought this question to Liang Xiang in an interview. Liang Xiang is a people's deputy to the NPC and is secretary of the Shenzhen City CPC Committee.

Liang Xiang said: We should look at Shenzhen's industry fairly and should take a viewpoint of development and an overall viewpoint when judging the development of Shenzhen's industry. If we only take a one-sided viewpoint, we may reach quite different conclusions.

He said: Before the special economic zone was established, the industrial foundation in Shenzhen was very weak. There were merely some 200 factories which produced small farming tools in this city. In the past 6 years since the founding of the special economic zone, Shenzhen's industry has experienced a developmental process from a small scale with a small number of factories to a large scale with a large number of factories, and the industrial productive capacity has risen from a low level to a high level.

By the end of last year, Shenzhen City had more than 900 industrial enterprises which were engaged in the electronics, textile, food processing, building materials, machine-building, and various light industries. Shenzhen has now exported 350 out of the 800-odd industrial products to overseas markets. The exports contribute to 41 percent of the total sales of industrial goods. Last year, the total volume of the export of industrial goods reached nearly \$300 million.

Over the past 6 years, Shenzhen has concluded more than 4,700 contracts with foreign businessmen and companies for introducing new industrial technologies. Among them, more than 600 items involve sole investment projects of the foreign companies, Chinese-foreign joint ventures, and cooperative projects. Sixty-seven of these projects involve state-of-the-art technology. The total amount of all investments actually made by overseas investors has reached more than \$318 million, or 28.3 percent of the agreed investment amount. The output value of the 181 operating enterprises which have foreign capital account for over 60 percent of the city's total industrial output value, and these enterprises export some 60 percent of the goods exported by the whole city. By the end of last year, the accumulated amount of industrial output value produced by the city had reached more than 5.9 billion yuan.

Liang Xiang pointed out: Shenzhen's industry is in the initial stage. Due to a weak foundation, the short time we have been working and the lack of experience, some problems have unavoidably appeared. The machine-building industry, for example, is still a weak link and equipment maintenance services cannot keep pace with the development of other industries. This has affected the comprehensive production capacity of industry as a whole. In addition, enterprise management is still not sufficient enough and horizontal support relations between enterprises in Shenzhen remain poor. The city still lacks technical strength to develop new products on its own and still lacks its own brand-name products. The channels leading to overseas markets have yet to be further opened.

Finally, Liang Xiang emphasized that although the industry in the special economic zone has not yet been built into an outwardly oriented one at present, this objective will eventually be achieved by making long-term and painstaking efforts. We are full of confidence and we will continue to make our way.

SICHUAN CONFERENCE ON INDUSTRIAL OUTPUT DECLINE

HK170326 Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 15 Apr 86

[Text] In the evening of 14 April, the provincia' government held a telephone mobilization conference on doing a good job in industrial and communication production. Vice Governor Ma Lin reported the industrial and communication production situation in this year's first quarter, and proposed specific suggestions on doing well in production in the second quarter. Vice Governor Pu Haiqing presided over the conference.

Vice Governor Ma Lin said in his speech: In January and February this year, the situation of the province's industrial and communication production was not very good. In March, various cities, prefectures and autonomous prefectures, as well as industrial and communication departments directly under the provincial authorities, adopted some measures. With their concerted efforts, the province slightly improved the situation of industrial and communication production. But the overall situation is still not good enough. Compared to the same period last year, the industrial output value dropped by 0.19 percent.

Vice Governor Ma Lin pointed out: Government at all levels, as well as all production departments and [words indistinct] enterprises directly under the provincial authorities, must be much concerned about the present situation of industrial production. They should adopt effective measures to promptly improve the development trend. They should strive to accomplish in an all-round way this year's tasks of industrial production. Therefore, the most important point at present is to grasp well the following tasks.

1. We should fill ourselves with enthusiasm, heighten our confidence and overcome fear of difficulty.
2. We should really implement the economic responsibility system within enterprises.
3. [Words indistinct] This is, we should provide assistance to enterprises which achieve high output value, make quality and marketable products, and achieve good economic results.
4. We should actively do well in raising and allocation of funds.
5. We should strengthen the links between industry and commerce, and further [words indistinct]
6. We must pay attention to distinguishing correct policies from incorrect ones. In particular, we must draw clear line of demarcation between normal operation and activities of enterprises and unhealthy tendencies. On the other hand, we must make a clear distinction between the implementation of responsibility system of factory managers and the practice of strengthening party leadership in enterprises.
7. We must [words indistinct]
8. Leadership at all levels must improve their work style. They should go down to the grass roots and handle the tasks, focusing on key points.
9. We should strengthen political and ideological education among workers.



BEIJING'S LI XIMING ON DISCIPLINE INSPECTION

SK170950 Beijing BEIJING RIBAO in Chinese 3 Apr 86

[Text] At a municipal discipline inspection work conference, which concluded on 2 April, Li Ximing, secretary of the municipal CPC Committee, pointed out in his speech that in order to effect a fundamental turn for the better in party style and social conduct as soon as possible, CPC committees, discipline inspection commissions, and relevant departments at all levels should pay close attention to the investigation and handling of major and appalling cases.

This conference was held by the municipal Discipline Inspection Commission. At the conference, a leading comrade of the municipal Discipline Inspection Commission summed up last year's discipline inspection work and worked out plans for this year's tasks. Discipline inspection commissions of Chaoyang District, Shijingshan District, Daxing County, the municipal urban construction and engineering company, and the municipal general machinery industrial company, and the CPC Committee of the municipal general construction and engineering company introduced their experiences in investigating and handling law and discipline violation cases.

Li Ximing said in his speech: Since the convocation of the central 8,000-person rally, the issues of improving party style and correcting unhealthy trends have drawn the attention of the masses of party members and party organizations. The "macro-climate" is unprecedentedly good, and will become increasingly better. The present opportunity is very good, and as long as we seize this opportunity, and promote the "macro-climate" of our municipality with the "macro-climate," we will certainly attain the goal of improving party style to bring along a turn for the better in social conduct.

Li Ximing continued: Unhealthy trends greatly corrode the party, corrupt social conduct, and undermine reform. Reform and the four modernizations cannot be completed, and party style and social conduct cannot be fundamentally improved at an early date without our firm determination and our great efforts to improve party style and correct unhealthy trends. The work to improve party style cannot be slackened even for a single day. A great amount of work remains to be finished in this regard. CPC committees and discipline inspection commissions at all levels should particularly attach importance to the investigation and halting of the major and appalling cases which seriously violate party and administrative discipline and criminal law. These cases should be investigated impartially and thoroughly no matter what levels and what persons are involved. For this purpose, leading persons should personally take charge of the work and establish the responsibility system for the handling of cases, with the number of cases, the persons handling the cases, the persons responsible for the conclusion of the cases, and time for concluding the cases designated. To accelerate the handling of cases, the municipal CPC Committee and government have transferred a group of cadres with higher ideological and policy levels to replenish the organs in charge of handling cases. Discipline inspection departments, public security, procuratorial and judicial departments, as well as finance, industrial and commercial administrative, auditing, tax, customs and price departments should cooperate in handling cases to ensure the quality of case handling, and to raise the case conclusion rate.

He pointed out: Because the investigation and halting of major and appalling cases are a complicated but important policy issue, we should be very prudent in dealing with the persons involved.

We should draw a clear demarcation line between mistakes in reform and abuse of power for selfish gains, between bureaucracy and unhealthy trends on the one hand, and law violations and crimes on the other, and should never cover up or plead over law violations and crimes by regarding them as bureaucracy or unhealthy trends. Measures should be adopted to deal with leading cadres and the masses differently when making them return the money or goods they have illegally gained, and the masses' interests should not be affected. Discipline violation cases committed before and after the issuance of relevant central documents and stipulations should be treated differently. Problems of a general nature should be solved in such a way that people are educated, and the people who continue to violate laws while we are opposing such acts should be punished more strictly. The small number of persons who violate party and administrative discipline and criminal law should be punished according to discipline or state law. In the meantime, CPC committees and discipline inspection commissions at all levels should pay full attention to educating cadres and party members with typical cases so that when a case is investigated and handled, a large number of people will be educated.

Comrade Li Ximing also urged CPC committees at all levels to render great support to discipline inspection work.

#### SHIFT OF HEBEI ARMED FORCES DEPARTMENTS PROGRESSES

SK170858 Shijiazhuang Hebei Provincial Service in Mandarin 2300 GMT 3 Apr 86

[Text] The provincial conference on handing over the county city and district People's Armed Forces departments was held at the provincial Military District from 2 to 3 April. Responsible persons in charge of this work and personnel of the general offices of various prefectural and city military subdistricts and garrison districts attended the conference. Leading comrades of the Beijing Military Region, and the provincial CPC Committee and government delivered speeches.

Experiences in this work of piloting units, including the People's Armed Forces Departments of Pingquan and Huanghua Counties and (Changan) District of Shijiazhuang City, were summed up and introduced at the conference. The conference urged the participants to thoroughly understand the guidelines of the central documents, clarify the important significance of and guiding ideology for handing over the People's Armed Forces departments, strengthen leadership and, proceeding from reality, formulate specific measures.

It noted that during the handing-over procedures, we should resolutely forbid fraud when admitting people into the party, making records of their meritorious services, maintaining their status as armymen, or changing their status into that of workers; forbid money being spending on any excuse, the transfer of funds, and fraudulent applications and claims; forbid private disposal of equipment and materials; forbid extravagant winning and dining and the private division of public property; and forbid giving parties, gifts, or souvenirs. Both military and local units should take the overall interest into account, stress party spirit and good workstyles, abide by discipline, and respect, trust, support and make allowances for each other.

The people's Armed Forces Departments should educate the cadres and soldiers to carry forward the glorious traditions of the PLA and do credit to the party and the Army with their actual deeds. Comrades of local units should also act as examples to welcome the masses of cadres of the People's Armed Forces departments which are to be transferred to the local authorities with the same feeling as they showed in welcoming the triumphant return of the People's Army in the war years.

During the handing over procedures, particular efforts should be exerted to make proper arrangements for old cadres so that they can lead a happy life in their remaining years.

The handing over of the province's People's Armed Forces departments started in April, and will be completed by the end of May.

NEI MONGGOL CONFERENCE ON PUBLIC SECURITY TASKS

SK130514 Hohhot Nei Monggol Regional Service in Mandarin 2300 GMT 12 Apr 86

[Text] The regional conference of directors of public security bureaus and sections throughout the region, which concluded recently, defined the major tasks for public security work in 1986. These are to continuously deal strict blows to serious criminal and economic cases, to vigorously enhance the building of public security foundations at the grass-roots levels and the public security personnel ranks, and to strive to achieve a stable turn for the better in public security throughout the region in order to create more favorable circumstances for the occasion of the 40th anniversary of the founding of the autonomous region.

The conference pointed out: In dealing blows to criminal activities, efforts should be made to concentrate on cracking down on major cases in line with local conditions in public security; to closely combine the tasks of dealing blows to crime, preventing crime, and establishing public security systems; to score successes when localities can be consolidated after the fulfillment of public security campaigns and where the people can draw a lesson after the exposure of a case; and to consolidate public security in a comprehensive way by adopting the method of playing the piano.

The conference pointed out: In 1986 a good job should be done in earnestly building police substations in 16 cities throughout the region by regarding this task as emphasis on building the public security foundations at the grass-roots levels. Leading public security organs at all levels should frequently go deep into the grass-roots level units to carry out professional guidance among the substations and to help them deal with their practical problems. Efforts should be made to establish or improve the public security personnel, to bring into full play the role of the public security organizations, and to vigorously conduct the work of issuing identification cards to urban residents in order to enhance the control over the floating and temporary populations.

In holding discussions on building the public security personnel ranks, the conference stressed that efforts should be made to concentrate on conducting education on the legal system among the cadres and policemen while extensively and deeply carrying out education on ideals and discipline, and to consolidate the workstyle governed by police discipline in order to train as soon as possible the broad masses of public security cadres and policemen into staunch public security fighters full of ideals, morality, and cultural knowledge, and who are well disciplined and ardently cherish the people.



JILIN CRACKS CASE OF EMBEZZLEMENT, BRIBERY

SK160417 Changchun Jilin Provincial Service in Mandarin 1030 GMT 15 Apr 86

[Text] The Yanbian Autonomous Prefectural Procuratorate recently cracked a particularly grave collective embezzlement and bribery case involving some 356,000 yuan. Thirty units and more than 60 people were implicated in the case. The principal criminals, including (Yuan Xizhang), former deputy director of the autonomous prefectural Communications Bureau; (Cui Xiongjing), former mayor of Tumen City; and (Li Donghe), former deputy director of the Helong County Communications Bureau, has been expelled from the party, and were arrested by the Public Security Department today. More than 10 other people were being held in custody for investigations. The principal criminals, including (Yuan Xizhang) and others, took advantage of their positions as CPC engineer, deputy chief engineer, and personnel of the headquarters for the construction of the Tumen-Hunchun Highway, a key project of the province, to embezzle construction funds by forging detailed final accounts, issuing false receipts and construction certificates, giving and taking bribes, and other mean tricks, thus making the state suffer a great loss.

According to preliminary investigations and verification, (Yuan Xizhang), chief engineer of the construction project, embezzled and took bribes totaling 8,700 yuan, (Cui Xiongjing), deputy chief engineer, embezzled and took bribes totaling 20,500 yuan, and (Li Donghe), embezzled and took bribes totaling 19,000 yuan. The 25 members of the construction headquarters also embezzled and took bribes, with the largest amount totaling 30,000 yuan.

The Yanbian Autonomous Prefectural CPC Committee paid close attention to this serious economic case. In less than 2 months, from February, when it discovered the evidence, to the present, it has essentially investigated the case.

LIAONING BANS ILLEGAL ORGANIZATIONAL EXPANSION

SK140333 Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 12 Apr 86

[Text] The provincial CPC Committee and People's Government recently issued several provisions strictly banning the arbitrary establishment of additional organizations and the arbitrary increase in the number of personnel and urged localities to block the malpractices cropping up in organizational establishment and personnel expansion.

Over the past 2 years, some localities and departments have established additional organizations without authorization, upgraded the standard of their organizations, and have increased the number of their personnel. To block such malpractices, the provincial CPC Committee and People's Government urged localities to follow the procedure of obtaining approval from the higher authorities in establishing additional organizations in the state apparatus and in assigning personnel to these organizations. Hereafter, efforts should be made to implement the procedure in line with the fixed jurisdiction over examining or approving the establishment, dismantlement, combination, and renaming of working departments among the party and government organs and for approving the quota increase of employed personnel.

In their provisions, the provincial CPC Committee and People's Government urged localities and departments to earnestly examine their existing organizations, their organizational standards, and their personnel. All organizations that have not been formally approved through this procedure should be corrected immediately.

NINGXIA REPORTS SUCCESS IN OPENING TO OUTSIDE

HK170525 Yinchuan NINGXIA RIBAO in Chinese 1 Apr 86 p 1

[Report: "Ningxia Quickly Opens Itself to Outside World, with Great Momentum -- Regional People's Government Proposes New Targets for Management of Foreign Affairs This Year"]

[Text] In recent years, with a view toward invigorating Ningxia's economy, the region's foreign affairs departments and units dealing with foreigners and foreign countries have earnestly implemented the opening up policy adopted by the CPC Central Committee and the State Council, earnestly managed foreign and Overseas Chinese affairs, and developed tourism. Thanks to all this, Ningxia has been able to make significant progress in its management of foreign affairs and open itself to the outside world at a quicker pace.

Although Ningxia started opening up to the outside world later than other parts of the country, development is rapid and smooth. In 1980, there were only 82 foreign visitors to the region. However, in the following 5 years, more than 2,300 foreigners from 56 countries visited the region. In 1984, Yinchuan hosted its first international economic and technical cooperation talks with encouraging results. In 1985, its relations with foreign countries become even more frequent, its economic and technical cooperation with foreign countries expanded, and it made significant progress in its management of foreign and Overseas Chinese affairs and in tourism. In February last year, Beijing gave a reception for Muslim countries' envoys to China. On that occasion, Ningxia was given a lot of publicity. Subsequently, contacts between Ningxia and these countries developed. In April and May, a Muslim delegation paid fruitful visits to six Middle East countries. In September, Ningxia hosted talks on the economic and technical cooperation between Islamic countries. More than 100 people from 25 countries and regions attended the talks at which the region announced a list of 117 economic and technical cooperation projects and agreements and signed contracts concerning 50 of them. These projects include the production line imported by the Wu Zhong [0702 1813] plastic bag factory from the FRG. The quality of the goods produced by this production line is high and they are now on sale on the Southeast Asian market. The factory's annual output value is more than 10 million yuan and its turnover in the forms of profits and taxes is 1.1 million yuan. Another is the facilities and equipment imported by the Shizuishan Steel Plant for the production of sealed wire rope. They have been installed and put into use and are now producing economic results. Since last year's talks, businessmen and bankers from 18 foreign companies and institutions have successively visited Ningxia to hold talks with us on cooperation. In addition to importing things from abroad, we have started exporting technology and manpower, mainly to the Middle East. Thanks to the arrangements made by the departments concerned and to the assistance from the World Food Program [WFP], we have made progress in building the Xiji shelter-forest by planting 1.452 million mu of trees and grasses. WFP officials have described it as "one of the world's best artificial forests." We have begun the construction of the Ningxia Technical College with the \$4 million donated by the Italian Government and started research into the fruit trees grown in North China with an additional \$1 million from the Italian Government. With a low-interest loan of \$15 million from the Kuwaiti Government, we have decided on the construction of an iron alloys plant with an annual production capacity of 5 million tons.

The region is now trading with more than 50 countries and regions. Last year, we hit an all-time high in deriving foreign exchange income from exports and the figure was about four and a half times greater than that in 1980.

Not long ago, in order to improve the region's management of foreign and Overseas Chinese affairs and its tourism, the regional People's Government called a regional conference on the management of foreign affairs. At the conference, we earnestly studied problems, summed up experience, and organized this year's work. The conference called for further efforts to implement the general principle of "promoting the four modernizations in a peaceful and friendly atmosphere," to develop our friendship with the peoples of various countries, to fulfill the basic task of invigorating Ningxia's economy, to lay a solid foundation for the all-round revitalization of the region's management of its foreign affairs, and to contribute to local economic construction. It is necessary to make proper preparations, to invite some foreign envoys to visit the region, to enthusiastically establish friendly relations with provinces and states of foreign countries, to make a success of receptions and our dealings with foreigners and foreign countries, to vigorously develop tourism, to speed up the construction of the Zhongweisha Potou Tourist Resort, the Qingtongxia Park on the Huang He, the Western Xia Imperial Tombs in Yinchuan, and the Xumi Shan Tourist Resort, to pay close attention to handling problems left over by history concerning Overseas Chinese, to implement the policy concerning Overseas Chinese without delay, and to satisfactorily manage Overseas Chinese affairs. Propaganda, news, cultural, and publishing units at all levels should make a further success of propaganda activities in order to more satisfactorily contribute to the implementation of the opening up policy.

#### QINGHAI URGES IMPROVED INDUSTRIAL PERFORMANCE

HK180045 Xining Qinghai Provincial Service in Mandarin 2330 GMT 17 Apr 86

[Excerpts] The provincial government held a mobilization gathering on industrial and communications production on 17 April. The meeting called on cadres, staff, and workers in industry and communications enterprises to make every effort to do a good job in production in the second quarter. Vice Governor Bian Yaowu presided at the meeting. Governor Song Ruixiang and Vice Governor Wu Chengzhi attended and spoke.

Song Ruixiang expressed the hope that the cadres, staff, and workers on the industry and communications front will keep cool heads, fully understand the current unfavorable conditions, strengthen their sense of urgency for grasping industrial production, and ensure a sustained, steady, and coordinated growth rate.

He stressed: A key problem in the province's first quarter industrial production was that the products lacked competitiveness. The enterprises must organize production carefully in light of the weak links, and work hard to improve product quality and increase variety.



HONG KONG STANDARD VIEWS 'MISSILE DIPLOMACY'

HK160405 Hong Kong HONG KONG STANDARD in English 16 Apr 86 p 6

[Editorial: "Is Missile Diplomacy the Only Answer to Terrorism?" -- capitalized passages published in boldface]

[Text] Back in October 1984, U.S. Secretary of State George Shultz declared: "Terrorism is a contagious disease that will inevitably spread if it goes untreated. We need a strategy to cope with terrorism in all its varied manifestations... And we have to recognise that the burden falls on us, the democracies -- no one else will cure the disease for us." Mr Shultz went even further to propose using military force against merely suspected culprits, a doctrine so sweeping that it provoked justifiable dissent among Americans.

Yet the recent attempts to "punish" colonel al-Qadhdhafi, though justified in terms of absolute certainty of his guilt, has yet to be put to a neutral jury. And even if Colonel al-Qadhdhafi is as guilty as President Reagan says he is, we must wonder if this is the most sensible way of dealing with the problem of terrorism, or the problem of states which for various reasons support it.

Would Mr Reagan be so bellicose if the bomb in Berlin had been linked to the Russians?

Assuming once again that Colonel al-Qadhdhafi is as guilty as he is said to be, can President Reagan think of no better response than "an eye for an eye, a tooth for a tooth" or in this case **YOU MASSACRE ONE OF OUR GUILTLESS CIVILIANS AND WE'LL MASSACRE A FEW OF YOURS?** Even before the dust had cleared in Tripoli and Benghazi there were reports that the French and Swiss embassies had been hit and that hundreds of civilians had been injured. U.S. officials have insisted that their planes "struck targets that were part of Al-Qadhdhafi terrorist infrastructure, the command and control systems, intelligence, communications, logistics and training facilities...sites that allow Al-Qadhdhafi to perpetrate terrorist acts."

But cynics will remember the "accidental" U.S. bombing raid on innocent men, women and children in the Lon Nol regime-controlled town of Neak Luong, Cambodia, in August 1973. Such incidents have in the past made a mockery of the oft-repeated Pentagon claims about the pin-point accuracy of the most sophisticated military machine in the world. (Parenthetically, it might be noted that those bombing raids across the Cambodian border in the early 1970s were usually described as "protective reaction" missions. And that discredited phrase has raised its ugly head again in connection with the Tripoli and Benghazi strikes).

Some historians have remarked that the latest incident echoes the 1804 bombardment of Tripoli by the U.S. fleet during the so-called Barbary Wars. With the winning of independence the United States had lost its British shield. And the corsairs of such Barbary states as Morocco, Algiers, Tripoli and Tunis fell upon the unprotected American ships, enslaved the crews, forced up insurance rates, and virtually drove the Stars and Stripes from the Mediterranean Sea. In his book, "A Diplomatic History of the American People," Thomas A. Bailey wrote: "The United States was too poor to pay black-mail; too weak to offer effective resistance. The continued outrages of the Barbary pirates speedily compelled President Thomas Jefferson to undertake an agonising reassessment of his theoretical pacificism."

But Ronald Reagan, who presaged the 1986 bombardment of Tripoli by describing Mu'ammar al-Qadhafi as "a mad dog," is no pacifist, theoretical or otherwise. There is no evidence of any "agonising reassessments" on Mr Reagan's part. And the United States can no longer be described as "a poor, weak country." Mr Reagan also has spoken of Al-Qadhafi's "monstrous brutality." But is missile diplomacy the only answer to the "monstrous brutality" of a "mad dog?" Some people have detected schoolyard overtones to Mr Reagan's insistence that "We have done what we had to do. If necessary we shall do it again." Such a reference by the head of the leading superpower to a small and unimportant country is absurdity crystallised. It is reminiscent of nothing so much as the pugnacious small boy who tells a schoolmate: "If you hit me once, I'll hit you twice." Little wonder that a frightened world is asking: "Where is it all going to lead?"

It seems likely that transcripts of Libyan messages intercepted by the U.S DID point to some Libyan involvement in the bombing of the West Berlin discotheque. But did they PROVE that Al-Qadhafi had planned and ordered the attack? In the absence of such absolute certainty, the peace-loving Thomas Jefferson would, we are sure, have deplored the YOU MASSACRE ONE OF OUR GUILTLESS CIVILIANS AND WE'LL MASSACRE A FEW OF YOURS approach of his current successor.

#### HONG KONG STANDARD ON TERRORISM, U.S. POLICY

HK170449 Hong Kong HONG KONG STANDARD in English 17 Apr 86 p 6

[Editorial: "No Alternative To Picking Off Terrorists Individually"]

[Text] Mr Ronald Reagan, referring to his bombing of Libya and to Colonel Mu'ammar al-Qadhafi, said: "He counted on America to be passive. He counted wrong." The American president himself is entirely wrong on several counts.

Col al-Qadhafi would not be where he is if his mind worked along such tracks. It may be the conventional wisdom to have him branded a "mad dog." And to decry his support of terrorism as "irrational." But mad dog and irrational he is not. The judicious selection of targets proves the contrary. The colonel is a military man and must be acutely aware that he cannot keep shooting at America without some fire being returned.

Where Mr Reagan and a lot of Americans are missing the whole point is their perception of others' preceptions. Rightly or wrongly, many people in the world no longer see the United States as having the will to fight. The post-Vietnam syndrome. With the fall of Vietnam in 1975 the Soviet Union and its satellites have successfully rolled back the frontiers of America's "free world." Afghanistan, Angola, Ethiopia, Chad, Nicaragua, to name a few of the countries now under the Soviet orbit. This perception has been strengthened by such events as Iran. America and Americans are seen as able and willing to swat troublesome mosquitoes like Grenada. But utterly powerless in the face of a Khomeini, an Al-Qadhafi, an Ortega and even, for a while, a woman like Corazon Aquino.

It is now open season for the small and the daring take potshots at a gigantic Uncle Sam lurching and stumbling blindly from self-inflicted wounds. After the miserable and humiliating years of Jimmy Carter, the Americans, perhaps, saw the need for a presidential president. A backwoods preacher is all right for Georgia's state mansion, but not the White House. If Mr Reagan was not of presidential calibre, at least he could act. That is precisely what Mr Reagan is doing. It hasn't escaped notice outside the United States.

But we live in a real world. With real guns. Real flesh and blood. Mr Reagan and many Americans remain locked in a make believe world. Mr Reagan was a combat captain in World War Two. In training films. After the shooting, he washed off the ketchup and went for his beer. Now he's being carried away by Rambo; both as celluloid as they are without substance. Col al-Qadhdhafi is a real-life army man who has fired his gun with cold calculation and in anger. These are the differences between two men and between America and much of the rest of the world today.

Mr Reagan is now bent on widening the differences with Tuesday's attack on Libya and with promises of more. Where Col al-Qadhdhafi was judicious in picking his targets, Mr Reagan has gone in for random destruction. But in one respect at least Mr Reagan is drawing closer to Col al-Qadhdhafi. Both are indulging in very much the same thing.

Terrorists can be dealt with. It requires painstaking collection of intelligence, patience in stalking the terrorist. There is no alternative to picking off the terrorists individually. The argument that terrorists are state-protected and therefore cannot be got at holds no water. Terrorists have been winkled out of sanctuaries before; it can be done again. But not as long as Americans rely on technology and not as long as impatience remains a strong character trait of the American nation.

But state-sponsored terror is something else altogether. Both Mr Reagan and Col al-Qadhdhafi must be aware of this. They're both sponsoring it. The rest of the world can only watch in dismay. There's nothing they can do about it. If the United States wants a re-ordering of the world, with the free, the rational and the good men lined up against the baddies, then there must be a thorough review of policies and priorities. A United States supporting remnants of the Somoza dictatorship, giving discreet acknowledgement of apartheid, supporting corrupt regimes across the globe and shackled by a Jewish lobby and a grotesquely intransigent Israel in its search for peace in the Middle East, must expect to face the bullets of the frustrated and the desperate. Mad dogs must be dealt with. So also must the cause of rabies be eliminated.

#### SOUTH CHINA MORNING POST VIEWS LIBYAN BOMBING

HK160355 Hong Kong SOUTH CHINA MORNING POST in English 16 Apr 86 p 2

[Editorial: "Reagan Lights a Fuse in Libya"]

[Text] President Reagan's cure for "the mad dog of the Middle East" may prove more lethal than the disease. He may also have lit the fuse to a wider conflagration in the inflamed, and highly inflammable, Middle East cauldron that is the Arab world. What President Reagan's White House aides presented yesterday as a precise and surgical United States military strike on Libya's terrorist infrastructure in the early hours of Monday [as published] fell far short of its prime target. Colonel Mu'ammarr al-Qadhdhafi, "the mad dog," is still at large, a wounded beast now free to exact revenge when and where he chooses. In a convoluted expression of ends and means, President Reagan set out to deal a lethal body blow to terrorism. However, many were killed in the raids, there will be many more who will volunteer for service. Where next will Mr Reagan aim his strikes?

It could be argued his real target should have been the evil genius behind it -- assuming this was either a justified or acceptable course of action at the moment for the United States. If it is, then a prolonged U.S.-Libyan guerrilla war in the Mediterranean is inevitable.



The Reagan rhetoric for Monday's punitive strike against Libya is questionable on two counts. First, while there may be a prima facie case linking Libya with last month's bomb blast in a TWA plane and the explosion on April 5 in a West Berlin discotheque frequented by American servicemen, is the evidence conclusive? Even the West Germans appear to have doubts that the Libyans were behind it, though this did not stop them ordering the expulsion of two diplomats apparently to appease the Americans. Second: it flew in the face of counsel to the contrary from most of America's European allies, except Britain which, regrettably, provided the launch site for the American F111 fighters that bombed Tripoli.

In claiming to have exercised its "right to self-defence," the free world's number one superpower also expressed the naive hope that this action would "preempt and discourage Libyan attacks against innocent civilians in the future." "We have done what we had to do. If necessary, we shall do it again," President Reagan said in his address to the nation. By that time, American fighter planes had dropped 2,000 lbs of laser-guided bombs on Tripoli and the Libyan port city of Benghazi. While Libya claimed to have shot down three of the planes, the U.S. Defence Secretary, Mr Caspar Weinberger, said that only one American plane had not returned from the air strike.

Though reports have been scant about casualties, radio and television accounts confirm that the U.S. planes struck a military airport in Tripoli, Col al-Qadhafi's barracks headquarters and his house, with casualties among "some members of his family."

President Reagan having had his way, the world now watches anxiously for the fallout. The next move will probably be made by Col al-Qadhafi, a move which diplomats say "could further polarise the Middle East and strain U.S. relations with East and West Europe." Even if the "mad dog" does not dispatch suicide squads to hit U.S. missile sites and nuclear bases in Europe, Col al-Qadhafi hit men will not fall short of targets as the tourist season opens in the continent. Worst of all, the American strike has invested the Libyan leader with a kind of black mystique in the eyes of many of his Arab brethren who will see him as the leading radical, taking over where the PLO left off.

#### UK ROLE IN LIBYA RAID CRITICIZED

HK170425 Hong Kong SOUTH CHINA MORNING POST in English 17 Apr 86 p 2

[Editorial: "Misguided Action by Britain"]

[Text] Britons have every right to be dismayed that the Prime Minister, Mrs Margaret Thatcher, took the decision to allow U.S. bombers to take off from air bases in the United Kingdom to strike at Libyan targets on Monday. In doing so she set Britain apart from her European allies which refused to join in supporting the action and, in the case of Spain and France, to allow the bombers to use their air space. Today, as a result of that, Britain joins the United States on the hit list of Libyan terrorist strikes. It may be argued that Britain has already been the victim of Libyan terrorism, notably in the disgraceful incident outside the former Libyan People's Bureau in London when a British policewoman was murdered.

It may be further argued that neither diplomatic approaches nor economic sanctions have brought the "mad dog" of Libya to heel, and therefore there was no other avenue open to the United States to deal with the murderous intrigues of Colonel al-Qadhafi.

Yet what is the prospect now? The shots will in future be called by the United States, with Britain the docile ally, dragged into whatever form of escalation President Reagan deems appropriate to respond to further acts of terrorism or Libyan retaliation. Mrs Thatcher, having committed herself once, will find it very difficult to disassociate herself from fresh action. Yet it is difficult to see that the latest move by President Reagan will succeed in taming a man who now may assume the stature of an Arab martyr in the eyes of many in the Middle East.

British memories are not so short that they will have forgotten the American attitude to the Anglo-French invasion of the Suez Canal in 1956 in their efforts to retain control following President Nasser's nationalisation. One of the strongest critics of Britain at that stage was the United States. Today, however, when American interests are threatened British support is requested, and freely given. There is no point in arguing the merits or otherwise of the Anglo-French action 30 years ago; no doubt many Americans would insist they were right to take that stand, that the issues differ, that terrorism is not directed at one country but is international in its impact. So be it, but it is also hard to understand the logic of massive retaliation of the kind practised by the United States when it is likely not to curb terrorism but only to inflame it.

It may give many American people a sense of satisfaction to see their President ordering in the night of the U.S. Air Force to rain bombs and missiles on Libyan targets regardless of the cost of civilian casualties. After all innocent people are also the victims of Libyan terrorism. But if the price of that satisfaction is yet another midair explosion with the loss of hundreds of lives, or another building blown apart by a suicide bomber, is it worth it? There is no answer to terrorism other than to devise the best security measures possible and catch the perpetrators. That and maximum diplomatic pressure on the states believed to be harbouring or instigating terrorism. The other alternative, if state involvement is beyond question, is to go to war. However, the Israeli experience in Lebanon is hardly encouraging.

Britain is already fighting one war in Northern Ireland which is growing more complex each day. It can do without another, brought on by Mrs Thatcher's personal and, in our view, somewhat misplaced sense of loyalty, without considering fully the consequences.

#### TA KUNG PAO VIEWS WESTERN EUROPE REACTION TO U.S. RAID

HK170356 Hong Kong TA KUNG PAO in Chinese 17 Apr 86 p 2

["Political Talk" by Shih Chun-yu: "Views in Western Europe Are Divergent on U.S. Attack on Libya"]

[Text] Britain Alone Supports the Raid

The U.S. raid against Libya has this time caused division among many countries, and most prominent is the fact that except for Britain, nearly all Western European countries expressed their regret over this act by the United States. In particular, the southern European countries situated on NATO's frontline, such as Greece and Spain, feel very uneasy, and put forward an emergency proposal that the foreign ministers of the 12 EC countries hold another emergency conference today (14 Apr) [date as published] and once more discuss the world situation after the raid. Because of the vigorous support of the "Iron Lady" and Geoffrey Howe, the United States was able to use British bases to launch its biggest air raid since the Vietnam war. However, this has roused fierce opposition inside Britain. The mass demonstrations and strong objections inside the Conservative Party have put Mrs Thatcher in a difficult position and facing a political storm.

## Reasons for Worry

Western Europe has always been a reliable ally of the United States and has constantly and strongly opposed terrorists and violence. However, they were worried when the United States retaliated against Libya. The first reason for this is that Western Europe is not willing to be led by the nose by the United States. It has already established its own prestige and is no longer the Europe of the period after World War II when it followed the United States in everything. What the United States has done has brazenly violated international law and in addition, it may cause Western Europe to suffer serious consequences from retaliation by Middle East terrorists.

## Unwilling To Be Dragged in by the United States

Second, Western Europe gets most of its supply of energy from the Middle East and Italy, West Germany, and France all have huge industrial investment interests in Libya. Western Europe hopes that the United States does not act rashly toward Libya. Mu'ammar al-Qadhdhafi's terrorist activities perplexed Western Europe greatly, but Western Europe also worries about the possible heavy blow to its economy if the Arab countries are offended and suspend the supply of oil.

Third, Western Europe hopes to maintain a peaceful and prosperous Europe. One of the strategic goals of the two consecutive attacks on Libya by the United States is to test Moscow's response. The United States is in fact unwilling to hold talks with the Soviet Union and does not wish that a prolonged detente emerge after the U.S.-USSR summit. The emergence of detente is detrimental to Ronald Reagan's implementation of his "star wars" plan. Even today, the United States continues to have a blind faith in strength in dealing with the Soviet Union. Since Mikhail Gorbachev came to office, he has been making efforts to carry out economic reform and has had a desire to reduce the arms race with the United States. Moscow took the initiative to stop its nuclear tests, but the United States did not follow suit. Moscow has time and again demanded that the United States suspend its "star wars" plan, but this has been turned down by Ronald Reagan. By using its modern weapons to attack Libya, the United States can not only display its power, but also aggravate the tension between itself and the Soviet Union.

## British People Feel Uneasy

If Western Europe follows the United States in dealing with Libya, it will benefit the United States and suffer losses itself. Moreover, it will also suffer if terrorism spreads. Both the bomb explosion incidents in Rome and Vienna airports at the end of last year took place in Western Europe. This time, Britain has followed the United States and has become one of the first targets of terrorist retaliation. How can British people treat this lightly?

LIBYA RAID, SOVIET, EUROPEAN REACTION VIEWED

HK171204 Hong Kong HSIN WAN PAO in Chinese 17 Apr 86 p 1

["New Talk" column: "Al-Qadhdhafi Reappears, Second Clash Ends"]

[Text] At last, al-Qadhdhafi, the strongman of Libya, reappeared last night. In his 20-minute TV speech, he declared the restoration of normal life over the whole country and the cancellation of the blackout imposed in preparation for war.



As the U.S. action ceased immediately after the raid had been carried, Al-Qadhdhafi did not reemphasize striking at the U.S. military bases in the Mediterranean. The second U.S.-Libya clash of this year can now be regarded as over. However, no one knows whether the third clash will erupt soon. The U.S. propaganda before and after the incident all mentioned the three possibilities: first, Al-Qadhdhafi would be killed or wounded; second, Al-Qadhdhafi would have to step down; and third, Al-Qadhdhafi would become a hero because of the raid.

The air raid showed that the United States has deployed many intelligence personnel in Libya. The bombing of Al-Qadhdhafi's home at night can be put on a par with the plot of a James-Bond-type movie. However, Al-Qadhdhafi had moved to a tent for the sake of safety.

Obviously, the United States also pinned hope on the opposition forces in Libya. The U.S. media repeatedly mentioned that he might be overthrown and therefore showed much interest in gunshots in the streets of the Libyan capital after the bombing. Nevertheless, this hope has also come to nothing.

As for the Soviet Union, their response has been only to call off temporarily the conference between the U.S. and Soviet foreign ministers. Not long ago, the U.S. Sixth Fleet entered the Black Sea, and the Soviet Union did not resist. Last month, when U.S. naval air forces rushed into Libya's Gulf of Sidra, the Soviet Union did not make any particular response. This time, when the United States has launched an air attack on the capital of Libya, we still have not seen any escalation of activities by the Soviet Union.

Judged from a macrostrategic viewpoint, it seems that Gorbachev employs the tactic of "a gentlemen means what he says," does not flare up over the military actions of the United States, and always maintains the position of demanding joint disarmament by the United States and the Soviet Union, so as to distance the relationship between the United States and Western Europe and cause more media in the West European countries to express dissatisfaction with the United States.

U.S. President Ronald Reagan is not very much interested in the U.S.-Soviet summit meeting. The summit meeting of the two countries held in Geneva at the end of last year was only the necessary honoring of a promissory note which Reagan had given during his election campaign. Therefore, Gorbachev seized this opportunity to reach an agreement with him on their visiting each other in the next 2 years. However, up to now, Reagan has not shown much enthusiasm for it.

In order to make known its position in connection with the Libyan incident, the Soviet Union cancelled the meeting between the foreign ministers of the two countries but has not declared the cancellation of the summit meeting. The meeting between the foreign ministers of the two countries was originally planned to arrange the schedule and agenda of the summit meeting. If it is not appropriate to have a face-to-face meeting now, other ways can still be sought to have contacts, or to once again propose arrangement of a meeting between the foreign ministers of the two countries after a period of time.

Member countries of NATO in western and southern Europe have expressed serious dissatisfaction with the U.S. air raid on Libya, and this is part of a struggle between control and anticontrol. Despite being aware of these countries' opposition to the military action, the United States still carried it out. This was in order to maintain its prestige as the head of the alliance and will invite more criticism. As for Britain, perhaps the Iron Lady allowed the U.S. aircraft to take off from their bases in England to demonstrate the special relationship and to repay the U.S. support for British military aircraft during the Falklands war (the lending of bases and in-flight refueling). From now on, a greater distance may appear in the relationship between Britain and Western Europe.

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